

Portland State University

**PDXScholar**

---

Campus Sustainability Office Publications,  
Reports and Presentations

Campus Sustainability Office

---

Summer 2017

## Green Leasing Program Design for PSU

Emily Quinton

Portland State University, equinton@pdx.edu

Follow this and additional works at: [https://pdxscholar.library.pdx.edu/campus\\_sustainability\\_pub](https://pdxscholar.library.pdx.edu/campus_sustainability_pub)



Part of the [Environmental Indicators and Impact Assessment Commons](#), and the [Sustainability Commons](#)

**Let us know how access to this document benefits you.**

---

### Citation Details

Quinton, Emily, "Green Leasing Program Design for PSU" (2017). *Campus Sustainability Office Publications, Reports and Presentations*. 14.

[https://pdxscholar.library.pdx.edu/campus\\_sustainability\\_pub/14](https://pdxscholar.library.pdx.edu/campus_sustainability_pub/14)

This Report is brought to you for free and open access. It has been accepted for inclusion in Campus Sustainability Office Publications, Reports and Presentations by an authorized administrator of PDXScholar. Please contact us if we can make this document more accessible: [pdxscholar@pdx.edu](mailto:pdxscholar@pdx.edu).

# **Green Leasing**

## **Program Design for PSU**

Summer 2017 Living Lab Green Leasing Internship  
Hosted by Portland State University Campus Planning Office,  
Campus Sustainability Office, Facilities and Property Management, and  
Institute for Sustainable Solutions

*Emily Quinton*  
*September 2017*

## Introduction

Portland State University (PSU) serves as a Landlord to over 60 third-party tenants, including retail, food service, office, food cart, and other tenant types. To encourage and standardize the adoption and practice of sustainability behaviors among these tenants, PSU hired a Green Leasing Intern during the summer of 2017. The intern, graduate student Emily Quinton, managed by members of the PSU Planning, Construction & Real Estate (PCRE) team, was tasked with researching best practices, drafting green leasing language, and developing tenant engagement and incentive-based approaches to implementation. This report serves as the culminating deliverable for that internship. Additional internship documentation can be viewed in a shared [Google folder](#).

*A note about resources:* information gathered during this internship came from online resources and meetings with internal and external stakeholders. Online resources are cited throughout the report. Information from stakeholders was used heavily in the Background and Context Setting section and elsewhere, but individuals are not specifically cited. More details on resources and stakeholders is included in the Methodology section.

## Background and Context Setting

### Green Leasing and Commercial Real Estate

In an effort to reduce the climate impact of buildings, commercial tenants and landlords have begun adopting and implementing resource efficient and sustainability-related standards through leasing agreements. Often described under the umbrella of Corporate Social Responsibility (CSR), green leasing has grown over the past decade in the United States and internationally as a tool to communicate, negotiate, and define shared sustainability goals and responsibilities (BOMA International & RMI, 2012; Feierman, 2015; Janda et al, 2016; Ogier, 2010). Parties involved in developing and signing a green lease are typically committing to more than the offer of or existence within a green building - “A green lease does not simply equate to leasing space in an ENERGY STAR-labeled or LEED-certified building. Rather a green lease expands on existing clauses to codify the sustainable operation goals for the building and identify how each side will meet them” (BOMA International & RMI, 2012).

The inspiration for green leases vary; they are sometimes driven by the tenant, the landlord, or collaboratively by both parties. In some cases, a government agency or municipality may drive green leasing for their properties, which may be owned or rented by the agency or city, such as the U.S. General Services Agency (GSA), the Australian Government, and New York City (Center for Research in the Built Environment, n.d; NYC Mayor’s Office of Sustainability, 2017). A review of existing resources, case studies, and best practices reveals a focus on addressing energy use through green leasing, sometimes referring to leases as “energy-aligned”. For instance, in their guide for landlords and tenants, the Rocky Mountain Institute (RMI) and the Building Owners and Managers Association (BOMA) (2012) note the “split incentive” challenge commonly experienced by landlords, where the cost to perform building upgrades (paid by the landlord) benefit only the tenant, in the form of lowered operating expenses. To remove the split incentive and encourage energy efficiency and conservation, a green

leasing agreement may include several components, such as utility data sharing, tenant engagement through a building-wide committee or green team, and prioritization of energy efficiency in building improvements. Additionally, a green lease may spell out how the financial costs and benefits of these actions are shared, through pass-through clauses or other arrangements, such as requiring the tenant to transfer the resulting utility savings to the landlord in order to pay back a portion of the original project cost (BOMA International & RMI, 2012; Ogier, 2010).

Despite the historic focus on energy, green leasing has and can also address other areas of environmental sustainability, such as waste minimization, water use, and alternative commuting, as well as social and economic sustainability, including hiring practices, employee benefits, and more. Specific practices may be laid out and/or may drive the landlord or tenant to adopt the existing sustainability policies of the other party. For example, as a tenant, New York University (NYU), seeks to require compliance with University procurement and other policies by their landlords (NYU Schack, 2011). In the case of existing leases, it may be easier to address these expectations separately from the lease, in a memorandum of understanding (MOU) or some other informal agreement (Janda et al, 2016; A Better City, 2017).

Green leasing has been practiced more in the office sector than retail or foodservice, as can be seen by the existence of many office-specific resources from organizations such as the Institute for Market Transformation (IMT), Boston Bar Association, and California Sustainability Alliance. These resources cite several reasons why offices are a good fit for green leasing, including the intensity (hours per week) of tenant occupancy, alignment with existing CSR initiatives, relatively low-impact and predictable equipment and building systems needs, and more (Janda et al, 2016). Retail and foodservice tenants may find green leasing more of a challenge, due to aspects like high staff and managerial turnover, slim operating margins, lack of awareness, and other realities. Remaining cognizant of these potential challenges will allow PSU to develop successful engagement strategies for these types of tenants.

### Policy and Regulatory Drivers for Green Leasing

PSU has strong internal motivations for pursuing green leasing, but it is also important to understand potential policy and regulatory drivers for implementing a program. As previously mentioned, utility data sharing is a common element in green leases. Provisions requiring data reporting are increasing as more municipalities implement commercial building energy reporting ordinances (Piperato, 2015), such as the City of Portland's Energy Performance Reporting Policy for Commercial Buildings. This and other City-level policies and programs can help shape green leasing at PSU. In addition to City regulations, PSU has several sustainability policies, programs, and practices it would like to extend to its commercial tenants.

Relevant policies are outlined in Table 1 and include the City's Energy Reporting policy and business waste management policies. PSU policies include the University's Technical Design Standards, and policies or standards for procurement, waste management, energy and water conservation, and more. Also included in the table is the City of Portland's Sustainability at Work program, which provides no-cost support for businesses pursuing sustainability initiatives. All of these policies and programs were taken as drivers for the design of PSU's Green Leasing Program. As described in later sections, specific reference to these policies is part of the proposed Sustainability Addendum.

**Policies & Regulations with Potential Relevance to Green Leasing Standards**

<b>Regulating Body</b>	<b>Policy</b>	<b>Details</b>
City of Portland	<a href="#">Portland City Code Chapter 17.104: Commercial Building Energy Performance Reporting</a>	<ul style="list-style-type: none"> <li>● Applies to buildings that are 20,000 square feet and over</li> <li>● Commercial buildings must track energy use using Portfolio Manager and report annual usage</li> <li>● The policy is written to require tenants to provide utility data to Landlord when requested</li> </ul>
	<a href="#">Portland ARB-ENN-2.06 Business Solid Waste, Recycling and Composting</a>	<ul style="list-style-type: none"> <li>● General requirements include separation of recyclable and compostable materials from general waste</li> <li>● If garbage collection is included in lease, tenants must use collection system for recyclables and compostables provided by property owner</li> </ul>
	<a href="#">Chapter 17.103 Single-Use Plastic Bags</a>	<ul style="list-style-type: none"> <li>● Retailers and food vendors cannot provide single-use plastic bags at check-out</li> </ul>
	<a href="#">Chapter 17.102.310 Polystyrene Foam Container Ban</a>	<ul style="list-style-type: none"> <li>● Businesses cannot serve or package food in polystyrene foam</li> </ul>
PSU	<a href="#">Technical Design Standards</a>	<ul style="list-style-type: none"> <li>● New construction and major remodels must achieve LEED Gold certification</li> <li>● Construction projects require pre-construction recycling plan per City of Portland code</li> <li>● Materials with low embodied emissions should be prioritized</li> <li>● Buildings should be designed with good waste management infrastructure</li> <li>● Section 3 covers a variety of decisions that should be made in regards to design and materials</li> <li>● Construction materials with potential for sustainability-preferred choices should be considered, including concrete, wood, roofing, finishes, flooring, paint, etc.</li> </ul>
	<a href="#">Sustainable Procurement and Life Cycle Consideration Policy</a>	<ul style="list-style-type: none"> <li>● Directs University to avoid purchases, if possible, and to choose products with minimized life cycle impacts when purchases need to be made</li> <li>● Describes preferred product qualifications for items like paper, electronics, vehicles, cleaning products, janitorial supplies, appliances, fixtures, paint, flooring products, etc.</li> </ul>

Solid Waste Management Policy	<ul style="list-style-type: none"> <li>● Lays out goal of 70% diversion</li> <li>● Encourages occupants to recycle materials that can be and to compost food scraps</li> <li>● Requires all maintenance staff and contractors to recycle building components and structures during TI</li> <li>● Requires use of low-mercury lamps per Procurement Policy</li> <li>● Battery recycling available through Environmental Health and Safety</li> </ul>
<a href="#">Energy Saving Guidelines</a>	<ul style="list-style-type: none"> <li>● Provides guidelines and requirements for heating and ventilation, purchasing, equipment, lighting, unoccupied spaces</li> <li>● Includes expectations for stakeholders including FPM staff, University staff, building occupants</li> </ul>
<a href="#">Water Conservation Plan</a>	<ul style="list-style-type: none"> <li>● Lays out water conservation goals and strategies by referencing standards in other policies like the Technical Design Standards</li> <li>● Reviews current and planned practices for indoor and outdoor water use and proposes a drought contingency plan</li> </ul>
<a href="#">Green Events Guide</a>	<ul style="list-style-type: none"> <li>● Suggests reducing the purchase of unnecessary, limited use promotional products</li> <li>● Encourages event management that minimizes the impact of food items, energy use, transportation, and generated waste</li> </ul>
<a href="#">Climate Action Plan</a>	<ul style="list-style-type: none"> <li>● Presents need and desire to address climate change and provides goals for GHG-reduction activities</li> </ul>

**Table 1.** List of relevant policies and programs that serve as drivers for green leasing at PSU.

It should be noted that one take-away from reviewing case studies and best practices is the importance of shared responsibility and commitment in green leasing. With strong coverage of environmental sustainability in its policies and programs, PSU can demonstrate tangible commitments and achievements to its tenants. Moving forward, additional policies that more directly address the social and economic sides of sustainability should be included in PSU's green leasing program, such as the new Stewardship Statement for job postings, as well as policies and programs regarding diversity and inclusion.

## Commercial Real Estate at PSU

This section describes the processes, people, and buildings currently in place for offering and managing commercial real estate (CRE) at PSU. These systems and staff were considered in the design of the proposed PSU Green Leasing Program.

### *Leasing Process*

As a higher education institution, PSU offers a CRE opportunity that is unique to other buildings in downtown Portland. The built-in community of University faculty, staff, administration, and students offers a potential customer base that is attractive to certain types of businesses. In an attempt to best serve the PSU and local community, PSU's Campus Planning Office (CPO) works internally and with third-party CRE brokers to narrow down desired tenants or tenant types. These pre-vetted tenant candidates receive targeted communications regarding one or more upcoming leasing opportunities. A letter of intent (LOI) serves as the first non-binding point of negotiation, leading to the lease negotiation process. At this stage, PSU and the prospective tenant will negotiate lease terms and the design and budget for the tenant improvement (TI), the renovation or retrofit of the space that the tenant will occupy, designed to meet their business operations and external-facing service or product needs.

The TI, sometimes referred to as the fit-out, involves additional parties, such as PSU's Capital Projects & Construction team, individuals with Maintenance & Operations, and hired contractors. Many considerations are made when designing the TI, including aspects of the building itself (which will be referred to later as the base building), local real estate market forces, the lease language, unique tenant needs, and more. In addition to guiding language in the lease, PSU provides the tenant and its hired contractor(s) with PSU's Technical Design Standards, noted in Table 1. These factors drive the final budget offered and covered by PSU. The lease specifies which TI-related costs are covered by the landlord's budget and what is to be covered by the tenant.

After the lease is signed, the TI commences and can take several months to complete. Once the tenant is able to move into and begin occupying their leased space, tenant management and communications shifts to PSU's internal and third party property managers, housed in Facilities and Property Management (FPM). Collection of rent and other payments is managed by property managers. Responsibility for building repairs and equipment servicing is specified in the lease and may be the responsibility of or shared by PSU internal staff or tenant contractors. Should tenants choose to pursue lease renewal, addition terms and clauses may be considered for the lease at that time.

Currently, PSU's Campus Sustainability Office (CSO) does not play an active role in the leasing process. As PSU pursues green leasing, however, CSO will play a critical role, representing the many

sustainability policies listed above in Table 1, and providing content and technical expertise across environmental sustainability topics and processes.

*Current Leases*

At the time of this report (September 2017) PSU leases space to approximately 61 tenants. The breakdown of tenant type and number of leases can be seen below in Table 2.

<b>Tenant Type</b>	<b># of Leases</b>
Advertising	1
ATM	9
Cell Tower	5
Food Cart	9
Land	1
Office	10
Retail - Food	17
Retail - Services	8
Storage	1
<b>Total # of Tenants</b>	<b>61</b>

**Table 2.** Number of leases for each tenant type as of September 2017. Office and retail tenants are highlighted in grey. Source: PSU internal lease database.

Because of the unique nature and space requirements of some tenant types, the focus of this report and recommended PSU Green Leasing Program is on office and retail tenants. Office and retail tenants compose more than half the total tenants, so focusing on these sectors is both logical and impactful. Leases for these tenants vary in length, with some tenants occupying space at PSU for 15-20 years or more. Additionally, tenants are typically given one or more opportunities to renew their lease. For perspective, food carts, on the other hand, typically operate on a 6-month and then month-to-month lease.

In terms of upcoming new tenants, three tenants will move into the renovated Karl Miller Center in September 2017. The leases for these three tenants have already been negotiated and finalized. At this time, CRE opportunities are planned, but not specifically known, for the 4th & Montgomery building that is scheduled to open in 2020.

*PSU Buildings and Utility Infrastructure*

It is clear from a review of resources and case studies that the base building within which tenants operate provides an important foundation for green leasing. Therefore, it is important to consider the status of PSU buildings with CRE space. Fortunately, the majority of PSU’s retail tenants are concentrated in buildings that have achieved LEED certification at the silver, gold, or platinum levels. These buildings include the Karl Miller Center (KMC), Broadway Housing Building, Academic and Student Research Center (ASRC), Collaborative Life Sciences Building (CLSB), and Engineering Building. Additionally,



the Urban Center recently received LEED Operations & Maintenance (O&M) certification. Some buildings host other retail and office tenants that are not LEED certified.

Certain components of the base building are particularly important for the data sharing aspects of green leasing. Regardless of whether or not tenants are responsible for their own utility service, submeters for electricity, natural gas, water/sewer, and other possible utilities enable lease structures that make tenants responsible for these services. Responsibility for utilities is usually spelled out in the lease. In the CRE field, triple net leases describes those that hold the tenant responsible for managing and paying all utilities. On the other hand, in a gross lease, the landlord is responsible, but may bill back the tenant for a portion of the building's utility use through the operating expenses portion of monthly rent (Green Building Alliance, 2016).

Despite recognition that installing submeters across campus is desired, there are infrastructure and cost barriers to implementation that have resulted in inconsistent submetering in tenant spaces at PSU. Therefore, tenants hold varying levels of responsibility for utilities and leases vary in how that responsibility is defined and enforced. In addition to building-level barriers, the utility delivery structure at PSU, most notably, the Campus Energy Loop, which offers many efficiency and maintenance benefits, further complicates the implementation of submetering.

## Internship Methodology and Design Evolution

### Research

The introduction section of this report summarizes what was learned through online research and meetings with campus and external stakeholders over the course of the internship. Online research was front-loaded into the first four weeks of the internship. Beginning with suggested resources in the internship scope and description, websites, case studies, white papers, toolkits, and more were reviewed from organizations such as the U.S. GSA, NYU, IMT, U.S. Department of Energy (DOE), A Better City, BOMA, RMI, and others. The [Green Lease Work Folder](#) contains a section for [Resources](#) and includes a [document](#) with bullet-point notes and key-takeaways. This document covers most, but not all of, the online resources reviewed. Websites or articles that largely repeated information already seen in other resources were not included in this document. PDF copies of the resources reviewed can be found in the appropriate labelled subfolders.

In addition to using online resources, existing documentation on PSU CRE was reviewed, including a review of select leases in a shared PSU Leases folder, BOMA lease templates, and Excel-based lease database noting items like tenant name, location, lease renewal date, and more. Notes on this portion of research were kept in a separate [document](#), located in a subfolder called PSU Leases. The lease database is not currently located in the Green Lease Work Folder.

### Meetings

Research was contextualized through meetings with campus and external stakeholders. The following meetings were conducted:

- Internship oversight, project management, and program design:
  - Internship kick-off meeting on 6/26/17
  - Core internship team check-in's: 7/12/17, 7/26/17, 8/23/17
  - Mid-internship report-out: 8/14/17
  - Final presentation: 9/7/17
- Campus PCRE stakeholder meetings:
  - Karen Powell: 6/28/17
  - Laverne Livernoche: 8/15/17
  - Noel Mingo: 8/15/17
  - Ron Blaj & Chris Tinnin: 8/16/17
  - Brandon Lesowske 8/10/17 & 8/31/17
- External stakeholder meetings:
  - Sara Daley, Kidder Mathews: 7/25/17
  - Paul de Block, City of Portland Bureau of Planning and Sustainability: 8/2/17
  - Courtney Cross, Lloyd EcoDistrict: 8/7/17
  - Erin Anderson and Monica Fleisher, Port of Portland: 8/18/17

Notes taken during these meetings were organized and saved in the Green Lease Work Folder under [Meetings & Presentations](#). These meetings were critical for the success of this internship and contributed important ideas, feedback, best practices, cautions, and more that were used in the final program design described in the next section of this report.

As the internship progressed, meetings with campus stakeholders were used to discuss and consider what themes and lessons learned from other green leasing programs could be applied to PSU, given the unique qualities of CRE at the University. Additionally, it was important to understand how the proposed PSU Green Leasing Program could harmonize with existing systems and processes used within the PCRE. Although not every aspect of the proposed program, described below, may end up being implemented, each component was designed and recommended with implementation feasibility in mind.

## Green Leasing for PSU - Potential Benefits to Landlord and Tenants

Green leasing offers several potential benefits to both PSU and its tenants and is a clear fit for the University. Triple-bottom line benefits include:

- Environment: efficient use of resources, including electricity, natural gas, water, and more; expansion of green building achievements in tenant spaces
- Social: minimized negative impact on worker health from materials and products; increased awareness of business sustainability practices
- Economic: reduced operations and maintenance costs; increased worker productivity

PSU has expressed commitment to policies, practices, and behaviors that encompass all aspects of sustainability. It remains important, however, to demonstrate the business case for committing resources to new programs, like green leasing. Whatever party pays for utilities, in some cases PSU and in some cases the tenant, reducing utility usage can lead to decreased costs. In addition, there are often co-benefits to the equipment choices and behaviors that lead to resource efficiency and conservation, such as longer

equipment lifespans and decreased maintenance needs. These factors combine to present a compelling economic case for PSU to pursue green leasing.

In addition to the benefits above, both PSU and tenants can use green leasing as a marketing opportunity for self-promotion and/or recognition through programs such as [Green Lease Leaders](#), run by IMT and the U.S. Department of Energy's Better Buildings Initiative. Additional specific publicity and marketing opportunities will be highlighted later in the report.

Table 1 highlighted City policies that provide a driver for PSU's Green Leasing Program. As businesses within the City of Portland, PSU tenants must follow these and additional rules. By designing a green leasing program that encompasses City requirements around waste management and energy reporting, PSU will make it easier for businesses to meet these rules. Another potential benefit specific to tenants is the ease of meeting whatever pre-existing sustainability or CSR values and goals the business might have before or develop during their occupancy. Even if a tenant has simply been thinking about taking on sustainability work, participating in PSU's Green Leasing Program will provide them with access to relevant and strong PSU policies and programs.

Similarly, PSU benefits from green leasing by making it easier to meet University goals, such as 70% waste diversion across campus. The proposed Green Leasing Program allows PSU to expand the scope and impact of the policies and programs described in Table 1. This will help to ensure consistency across campus in terms of infrastructure as well as the building user and visitor experience.

## Proposed PSU Green Leasing Program

In this section, the proposed PSU Green Leasing Program is reviewed. There are several program components intended to touch the entire leasing timeline, starting from the coming availability of a tenant space, through the end of occupancy and/or lease renewal. New tenants will be subject to all portions of the program, while existing tenants at the time of program launch will be engaged through the Ongoing Occupancy engagement strategies. Program components (described below) and strategies are designed to:

- Create a more robust pre-vetting process for tenants to better align PSU sustainability values with those of potential tenants
  - Strategy: formation of a Leasing Committee
- Include sustainability requirements and expectations in lease
  - Strategy: implement a Sustainability Addendum with leases
- Ensure that the TI creates a space that facilitates participation in the program
  - Strategy: require that the TI meets PSU Technical Design Standards
- Train tenants on base building and suggested practices
  - Strategy: facilitate a move-in training
- Identify opportunities and provide resources for improvement
  - Strategy: annual sustainability walkthroughs and encourage tenants to seek Sustainability at Work certification
- Celebrate tenant participation and success
  - Strategy: offer ways that tenants can be recognized for their work, such as being featured on the PSU website

Each strategy, or program component, has been designed to be managed by PCRE staff. Appendix A describes the program components in a linear timeline. Each component is described in more detail below.

### Leasing Committee

In an effort to represent PSU values and ease the process of negotiating a green lease, the Leasing Committee, comprised of PCRE stakeholders, will meet during the early stages of planning for an upcoming commercial space opening. The Committee should have minimum participation from CPO, CPC, CSO, and FPM. Additional input may be needed from PSU legal counsel representatives, Transportation and Parking Services, representatives from other building owners/managers, and third-party brokers and property managers.

Before any space comes available (or, before planning for CRE with the new 4th & Montgomery building) the Committee should meet to review criteria for tenants in terms of the sustainability principles of the Green Leasing Program. These criteria can be recorded and updated overtime as the program or values change. Stakeholders can look at PSU's Green Revolving Fund as a model of criteria developed and used by multiple stakeholders, although using a scorecard-type process with green leasing is likely not feasible, because the process can move very quickly once potential tenants have indicated interest.

Criteria or desirable qualities in tenants might include existing company sustainability policies, a tangible commitment to sustainable operations and procedures seen online or in other physical locations, green business or other sustainability-related certifications, and more. A short-list of desired tenants based on these criteria and/or a campus community survey (mentioned later in this report) could serve as guidance to CPO and brokers. For example, if a hair salon or barber shop is determined to be desired for campus, a local business offering affordable rent structures to its stylists that uses strictly organic or low-chemical products and participates in a hair recycling program would likely be preferred over one that does none of these things.

With the criteria agreed upon, once it is time to review an upcoming leasing opportunity, CPC and FPM staff on the Committee should provide details about the status of the space. Important aspects include what is possible in terms of submetering infrastructure, existing building systems and utility structure, and other TI considerations. This information can then be considered along with other items that CPO already uses, like campus service gaps, to further narrow down desired tenants or tenant types.

### Sustainability Addendum

As a major deliverable of this internship and a critical component to green leasing, the Sustainability Addendum (Appendix B) is intended to serve as the formal agreement between PSU and its tenants, specifying requirements and expectations of the Green Leasing Program. Upon program launch, the Sustainability Addendum should be shared with potential tenants starting at the LOI stage and should be signed along with the final negotiated lease. For existing tenants, the Addendum should be added to the lease during lease renewal. If possible, it can be added sooner on a case-by-case basis if tenants are

interested. Alternatively, if some sort of agreement is desired by stakeholders from existing tenants, the Addendum could be adopted informally as a memorandum of understanding (MOU) (Janda et al, 2016).

Based on discussions with stakeholders, the Addendum was written to balance taking a prescriptive versus general approach to the leasing language. To draft the Addendum, language was borrowed from sample addendums offered by [BOMA](#) and the [Boston Bar Association](#). By referencing several specific City of Portland and PSU policies, the Addendum lays out required or encouraged actions regarding the TI design and construction, procurement, waste, energy, water, transportation, and education and awareness. The current Sustainability Addendum layout mirrors, to a certain extent, the program implementation timeline (Appendix A) but could be rearranged and relabeled, if desired.

Additional ideas for leasing language and provisions can be viewed in Appendix C: Current and Potential Lease Addendum Language and Lease Revisions. This document was developed prior to drafting the Sustainability Addendum, in an attempt to brainstorm a wide range of clauses that may be addressed through the Addendum, or, in the future, the lease itself. Organized by topic (waste, energy & water, TI, etc.), this table offers desired outcomes of potential language inclusion and ideas for individual clauses. In addition, along with Appendix D: PSU Lease and Exhibits Outline, this table calls out specific areas in the existing leases (and lease templates) where revisions could be made to better address or strengthen the language around sustainability.

#### *Important Considerations When Finalizing Addendum*

Before the Addendum is finalized, it is important for stakeholders to seek input from PSU legal counsel representatives. Important considerations include ensuring that language in the Addendum is consistent with the lease, that there is clear agreement on what provisions should be required versus encouraged, and, by including a clause in the Addendum, what else in the overall Green Leasing Program will support implementation and/or serve as a compliance check. It was a priority to address these issues when drafting the Addendum, but legal counsel input will help to protect against any legal ramifications of the Addendum. In addition to terminology, it is important for stakeholders to consider how the Addendum can reflect long-term development and sustainability goals of the University and how the Addendum can or should serve as a living document. For example, many PSU policies are updated regularly, therefore, when an Addendum is signed, should the tenant be subject to the policy version available at that time, or to all future versions? When reviewing sample green lease language, it was clear that statements like “Landlord reserves right to update/revise/change...” can be useful, but may cause a tenant to feel uncomfortable with the idea of future changes.

Sample green lease clauses used elsewhere can be viewed in the Google folder, in a document called [Sample Language from Resources](#).

#### Tenant Improvement

Many resources highlighted the TI as a crucial opportunity where green leasing can influence design, materials selection, and construction practice (A Better City, 2017; City of Portland, 2017). To ensure that tenants, contractors, and construction staff make sustainability-minded decisions while planning for and undergoing the TI, the Sustainability Addendum (Appendix B) requires that tenants follow PSU’s

Technical Design Standards. Because these Standards are already being provided to tenants and contractors, implementing this portion of the Green Leasing Program should be straightforward. This will require strong commitment from PSU stakeholders involved in the TI to ensure that the Standards are closely, if not exactly, followed. Any exceptions made to the Standards should be well-justified and recorded in writing, for documentation purposes.

### Move-In Training

Following the TI and ideally before the tenant begins normal operations, CSO and the tenant's property manager will provide a brief training to tenant representatives. This training will serve to familiarize the tenant with the Green Leasing Program, their base building, and identify infrastructure, systems, and processes to enable employees and occupants to practice sustainability behaviors. In addition to covering these topics, the training should be treated as a chance to develop and set the stage for a positive and collaborative relationship between PSU and tenants - encouraging commitment to meeting the expectations and requirements of the Green Leasing Program. It is important that the property manager participates in these meetings as they serve as each tenant's main point of contact.

A personalized green leasing package can be provided to tenants electronically and on paper, containing a copy of the Sustainability Addendum, all relevant and referenced City and PSU policies, and other supplemental materials to make information about the policies and the base building easily digestible. This package can serve as both a start-up guide and ongoing resource for tenants throughout their occupancy. The information conveyed during the training and in the packaged materials should also prepare the tenant for the annual walkthroughs, described in the next section.

To encourage tenants to utilize what they will already be achieving under a PSU green lease and to go above and beyond requirements and expectations, the training and supplemental materials should also be used to alert the tenant to the City of Portland [Sustainability at Work](#) program (all tenants) and the [LEED for Commercial Interiors](#) (CI) certification (if the tenant is located in a PSU LEED certified building). Sustainability at Work pairs businesses with a City staff member who serves as an advisor to assist the business in meeting its sustainability goals, whether that is achieving program certification or simply making progress on one specific area, like composting. PSU can initiate this process by providing tenants with a pre-completed Sustainability at Work certification checklist for their space. Achieving LEED CI may be a reasonable goal for tenants located in a base building that is already LEED certified. For more information on what tenants need to do to achieve this certification, contact CPO or FPM for the Exhibit K used in leases at KMC.

### Ongoing Occupancy

The program components described here are intended to serve as program compliance checks, although it is recommended that the term compliance is not used with tenants, as it can be intimidating.

#### *Annual Walkthroughs*

CSO staff and the tenant property manager will conduct an annual walkthrough to observe how the tenant is doing in relation to Green Leasing Program expectations and requirements. This brief walkthrough will

provide an opportunity to examine equipment and infrastructure (like faucet aerators and waste bins) as well as behaviors (like food prep and daylight usage). To prepare for the walk-through, CSO can prepare a report template that can be populated following the visit to relay and summarize what was observed and identified as opportunities for improvement. One value in recording this information is to allow for staff to acknowledge progress in subsequent years by reflecting on past goals. The walkthrough should serve as an overall high-level sustainability audit, with a focus on ensuring that the provisions agreed to in the green lease are being addressed.

### *Data Sharing*

Along with or outside of the annual walkthrough, tenants that are submetered are required (per the Sustainability Addendum) to share their utility data. This information is needed for PSU to comply with the City's [Energy Performance Reporting Policy](#) in buildings larger than 20,000 square feet. In addition to meeting the City's ordinance, utility data transparency can spur resource-saving action. For example, examining utility data can reveal usage abnormalities that may be the sign of unnecessary or unintentional usage, like a temperature set-point that is too high or too low for the season or a water leak. This information can then be acted upon to increase efficiency and practice resource conservation.

Utilizing PSU's current utility data billing system, Ecova, or some other database, utility usage and cost can be tracked and potentially uploaded to Energy Star's Portfolio Manager.

### *Encouragement and Recognition*

As noted earlier, green leasing provides a marketing opportunity for both PSU and tenants. The annual walkthrough and other interactions with tenants by PCRE stakeholders serve as an opportunity to identify strong program participation and encourage more action. Verbal recognition during the walkthrough and written documentation in the post-walkthrough report will provide immediate recognition to tenants. In addition, the PSU Green Leasing Program should offer website recognition for participating tenants, with an elevated mention for those taking actions that go above and beyond requirements and expectations, such as achieving Sustainability at Work certification.

Online recognition could take the form of a business directory, map, or list. Embedded links to the tenants' websites can offer increased online traffic. Short case studies may provide another way for the public to understand and appreciate tenants for their work. Tenants that show a deeper commitment to the program, particularly new tenants that have the opportunity to participate in all program components, should be considered as candidates to partner on pursuing the [Green Lease Leaders](#) award.

## **Phased Implementation or Pilot-Based Approach**

The leasing process and timeline at PSU is well-aligned with taking a phased implementation approach for the Green Leasing Program. The list below highlights when and how the program might be implemented. Details on what needs to be completed before program implementation takes place are discussed in the next section.

### **Implementation Timing/Audience:**

- Leasing Committee: launch as soon as possible
- Sustainability Addendum: finalize and release for LOI and lease negotiation with 4th & Montgomery tenants
- TI: test feasibility of requiring full compliance with Technical Design Standards with 4th & Montgomery (to examine process in a new building) and with the next new office or retail tenant that moves into an existing building
- Move-in training: pilot with 4th & Montgomery tenants
- Ongoing occupancy:
  - Walkthroughs: conduct with 4th & Montgomery tenants and a select group of existing tenants, preferably ones that have recently started their leases, like KMC tenants
  - Data sharing: require for all tenants with submeters after a specific date
  - Encouragement and recognition: begin sharing information about the PSU Green Leasing Program and Sustainability at Work as soon as possible with all office and retail tenants, regardless of whether they are subject to walkthroughs or other program requirements

Another possible approach to implementation with existing tenants is to target tenants that have a certain lease length and/or are at a similar time within their lease. The California Sustainability Alliance (2017) explains that building investments are more likely to be recouped with a longer lease term. This may be true (up to a certain point) for the general benefits received from PSU's Green Leasing Program in terms of staff time committed to any one tenant. Therefore, the implementation approach could, say, target tenants with leases of 10 years or longer who are no more than three years into their lease, to maximize the time that these tenants can be engaged.

In addition to PSU commercial real estate naturally favoring a phased implementation approach, there are several opportunities for pilot projects or studies to implement alongside the Green Leasing Program. The list below reflects several ideas discussed throughout the Green Leasing Internship, as well as best practices and case studies reviewed online.

### **Pilot Ideas:**

- Campus community tenant study: to better inform the Leasing Committee, a separate student project or internship could be the design, implementation, and analysis of a survey to determine what members of the PSU community want to see in terms of future tenants. This survey could be used to help understand service and product gaps, specific desired tenants, or more general desired criteria for tenants, like preference for vegetarian food options.
- Building-wide green team or building management committee: to encourage inter-building collaboration on building improvements and occupant behaviors a building-wide green team or management committee could be in charge of planning and communicating about initiatives. This group could contain one representative from each tenant in the building, the building property manager, and another PSU FPM representative. A group like this is used for education and outreach purposes with the Lloyd EcoDistrict according to contacts there and with other green leasing programs, according to Ogier (2010).
- Tenant green revolving fund: as an extension to PSU's current Green Revolving Fund, a fund specifically seeded by and available to tenants would better enable actions that may require start-



up or capital costs, such as replacing equipment with energy-efficient models. The fund could be set up and managed in a variety of ways, with some savings achieved even being diverted to the purchase of renewable energy credits or carbon offsets.

- LEED CI: the Sustainability Addendum in Appendix B does not address any specific green building certifications at this time, however, the recent Exhibit K used with KMC tenants demonstrates that tenants in these spaces have a running start on their way to LEED CI certification. Using a building-wide green team or other advisory model on a tenant-by-tenant basis could target a goal of having at least one LEED CI tenant on campus.
- Food cart study: this internship did not address one type of tenant at PSU - food carts, which currently make up almost one-sixth of tenants at the University (Table 2). Food cart leases are unique in that they are short term and have very different terms than a tenant located inside a PSU building. A future student project or internship could gather ideas and input from other food cart landlords within Portland in order to understand the challenges and opportunities to implementing a food cart-specific green leasing program. In terms of environmental sustainability, this study would likely focus on waste management, energy use, and water use. A potential overlap between environmental and social sustainability is the health, comfort, and safety of workers that staff food carts in challenging weather and possibly compromised air quality.

## Next Steps

Table 3 outlines what needs to be completed and considered for program finalization and launch. A number of these steps have been reviewed in the Proposed PSU Green Leasing Program section.

<b>Task/Step</b>	<b>Details and Purpose</b>	<b>Party Responsible</b>
Clearly assign roles and responsibilities	In order to move forward beyond the scope of the Green Leasing Internship, individual offices and staff will need to be assigned roles and responsibilities to move program planning and implementation forward.	PCRE Directors
Launch Leasing Committee	Members of the Committee need to be recruited or assigned. The Committee should first meet to review the proposed program and determine what components to implement. In addition, prior to considering any CRE vacancies, the Committee should discuss criteria for pre-vetting tenants.	PCRE Directors
Discuss green leasing with other landlords	To influence the final design of the program, conversations with landlords already doing green leasing may yield valuable insights. Past Green Lease Leaders award winners could be contacted for informational interviews.	Select PCRE staff or future student intern
Finalize Sustainability Addendum	Select PCRE staff will need to create a final draft of the Addendum and then meet with PSU legal counsel to finalize the version that will be implemented in upcoming new or renewed leases. The final version should also be offered for review by third-party brokers and property managers.	Select PCRE staff & PSU legal counsel

Ready leasing documents and tracking mechanisms	The finalized Sustainability Addendum will need to be inserted into leasing documents and CPO processes, including the LOI and lease template and exhibit documents. Tracking mechanisms used for CRE will need to be updated to store information about tenants' green lease status. Tracking mechanisms should also be readied to include information about the TI and submetering infrastructure.	CPO & FPM
Determine commitments to Technical Design Standards	Using the experiences of TI's to date, staff should discuss what is realistic and feasible in terms of requiring tenants to meet the Technical Design Standards in full. Supplemental information, like cost comparisons between environmentally-preferred products should be considered.	CPC, CSO, FPM
Determine commitments to submetering	The Leasing Committee should consider what the current submetering infrastructure is across campus and CRE spaces and what is feasible for the next TI. As mentioned above, staff should have realistic and feasible expectations about expecting tenants to install submeters during the TI.	CPC, CSO, FPM
Prep procedures & documentation for move-in training and annual walkthrough	CSO staff can develop a standard format for both the move-in training and annual walkthrough that can be easily tailored for each tenant and tenant type. Tracking systems and a walkthrough report template will need to be created so that a written record of observed behaviors and opportunities for improvement can be kept. CSO staff may need to meet with PCRE specialists in building systems and waste management for technical content.	CSO
Train property managers	As the main point of contact for tenants (and a familiar face) it is important that property managers lead contact for and participate in the move-in training and annual walkthrough. Although CSO staff can lead these activities, property managers will need to be well-informed and on-board.	CSO
Complete pre-completed Sustainability at Work checklists	To better enable tenants to pursue Sustainability at Work certification, PSU should provide a pre-completed checklist based on the base building and what comes along with being a green leasing participant. These pre-completed checklists can be verified by City of Portland staff to further facilitate the process. To tackle this task of creating pre-completed checklists, a building-by-building strategy is recommended.	CSO
Prep/develop and package supporting materials	In addition to the Sustainability Addendum, leasing materials, tracking mechanisms, the walkthrough report template, and pre-completed Sustainability at Work checklist, additional supporting materials should be provided to tenants and need to be developed and compiled. This includes copies of the policies referenced in the Sustainability Addendum as well as easily understandable start-up materials as discussed in the Move-In Training section, above.	CSO, select other PCRE stakeholders

**Table 3.** Recommended next steps to prepare for program launch and implementation.

## Discussion

### Potential Resource Commitment

It is important to consider the resources needed to implement green leasing at PSU. Appendix E provides estimates for labor (staff hours) and expenses that may occur for each component of the proposed program. Moving forward, PCRE stakeholders will need to consider available staff time and budget available to implement each portion of the program. This information will help stakeholders set realistic goals and timelines. Overall, this program has been designed to rely most heavily on CSO staff, with additional input needed from other PCRE stakeholders involved in the Leasing Committee as well as those providing the technical expertise needed during the TI process. Third-party property managers and brokers will also need to commit some time, but the additional tasks should not add significantly to their existing roles. Not all of the time needed for the Next Steps discussed above are included in estimates, but could be estimated once the final program design is decided.

### Possible Green Leasing Program Goals

Based on the proposed program design reviewed in this report, the following are potential program goals that could be adopted by PCRE. The Leasing Committee can use these, additional, or new goals to drive their procedures and timeline. At the very least, it is recommended that the Leasing Committee agree on when the program should officially launch in the form of the Sustainability Addendum, as described in the first bullet point.

#### **Potential quantitative goals:**

- All new office & retail tenants after January 1, 2019 are on a green lease that includes the Sustainability Addendum
- 5 existing tenants adopt a green lease per year after program launch
- 100% tenants are composting food scraps by 2020
- 3 tenants are Sustainability at Work certified by 2020
- 1 tenant achieves LEED CI certification by 2022 (most likely in KMC or 4th & Montgomery)

#### **Potential qualitative goals:**

The following is a result of the PSU Green Leasing Program...

- Improved systems for pre-vetting tenants and sharing information and data about sustainability practices between PSU and its commercial tenants
- Increased tenant interest and awareness in green leasing and Sustainability at Work
- Tenants make noticeable contribution to 70% waste diversion goal
- Increased campus-wide adoption of Technical Design Standards during TI
- Building occupants and users have greater knowledge of business sustainability practices

### Final Thoughts and Recommendations

It has been previously noted that while a green or sustainably-designed building is not a required prerequisite for green leasing, an efficient building with design features benefiting the environment and human health can better enable and facilitate sustainable occupant behaviors and practices. PSU has made

excellent progress in developing infrastructure and spaces using these design principles. Moving forward, green leasing can provide an additional reason or boost to these efforts, as it is important for landlords to practice all of the actions that tenants are being asked to do. This may provide an opportunity to secure additional support for sustainable design, green building practices, and renewable energy procurement in future strategic planning and administrative decision-making.

By taking on retail tenants in its Green Leasing Program, PSU should be recognized for an innovative and comprehensive approach to green leasing. Incorporating social sustainability principles should be a priority in the future as well. This is important for the tenant employees impacted by the Green Leasing Program and will further the mission of the University. Opening up access to intellectual capital and training resources around issues of hiring practices, antidiscrimination, diversity, equity and inclusion, and more will benefit the PSU community at large.

## Acknowledgements

Several individuals provided their time and expertise to this internship. Megan Schneider organized and oversaw internship tasks and requirements. PCRE stakeholders from CPO, CSO, CPC, and FPM offered valuable information, insights, feedback, and advice: Jenny McNamara, Angie Telford, Dawnna Wilder, Laverne Livernoche, Jason Franklin, Laurel Brown, Brandon Lesowske, Karen Powell, Noel Mingo, Ron Blaj, and Chris Tinnin. External stakeholders offered valuable perspectives and information about their related programs: Sara Daley (Kidder Mathews), Paul de Block (City of Portland Bureau of Planning & Sustainability), Courtney Cross (Lloyd EcoDistrict), Erin Anderson (Terra Hydr, Inc. & Port of Portland), and Monica Fleisher (Community Environmental Services & Port of Portland). Thank you.

### **Intern Contact Info:**

Emily Quinton, Graduate Student  
Environmental Science and Management Department  
equinton@pdx.edu

## References

- A Better City. (March 2017) Sustainable Tenant Fit-Out and Improvement Guide. Accessed from: <http://www.abettercity.org/docs-new/Sustainable-Tenant-Fit-out-and-Improvement-Guide.pdf>
- BOMA International and Rocky Mountain Institute (RMI). (June 2012) Working Together for Sustainability: The RMI-BOMA Guide for Landlords and Tenants. Accessed from: <https://www.boma.org/sustainability/info-resources/documents/workingtogetherforsustainability.pdf>
- BOMA Oregon. (2011) Sustainability Addendum for Standard Form of OFFICE LEASE. Provided by PSU Campus Planning Office.
- Boston Bar Association Green Lease Workgroup. (August 13, 2012) Green Lease Guide: Issues, Sample Clauses and Leases, and Links. Accessed from: <http://www.bostonbar.org/docs/default-document-library/green-lease-guide-2012.pdf>
- California Sustainability Alliance. (2017) Tools: Green Leases Toolkit. Accessed from: [http://sustainca.org/green\\_leases\\_toolkit](http://sustainca.org/green_leases_toolkit)
- Center for Research in the Built Environment (Cardiff University Welsh School of Architecture). (n.d.) Australia. Accessed from: <http://www.greenleases-uk.co.uk/australia.php>
- City of Portland Bureau of Planning and Sustainability. (2017) The TI Guide: Creating a High Performance Workplace. Accessed from: <https://www.portlandoregon.gov/bps/article/285215>
- DC Sustainable Energy Utility & Institute for Market Transformation (IMT). (2016) Sustainable Solutions for the Modern Office: Tenant Fit-Out & Leasing Guidelines. Accessed from: [http://www.imt.org/uploads/resources/files/TenantLeasingGuide\\_r06.pdf](http://www.imt.org/uploads/resources/files/TenantLeasingGuide_r06.pdf)
- Feierman, Andrew (Institute for Market Transformation). (April 2015) What's in Green Lease? Measuring the Potential Impact of Green Leases in the U.S. Office Sector. Accessed from: [http://www.imt.org/uploads/resources/files/Green\\_Lease\\_Impact\\_Potential.pdf](http://www.imt.org/uploads/resources/files/Green_Lease_Impact_Potential.pdf)
- Green Building Alliance. (2016) Green Leasing. Accessed from: <https://www.go-gba.org/resources/green-building-methods/green-leasing/>
- Janda, K. B., S. Bright, J. Patrick, S. Wilkinson & T. J. Dixon (2016) The evolution of green leases: towards inter-organizational environmental governance, *Building Research & Information*, 44:5-6, 660-674, DOI: 10.1080/09613218.2016.1142811
- NYC Mayor's Office of Sustainability. (2017) Energy Aligned Clause. Accessed from: <http://www.nyc.gov/html/gbee/html/initiatives/clause.shtml>

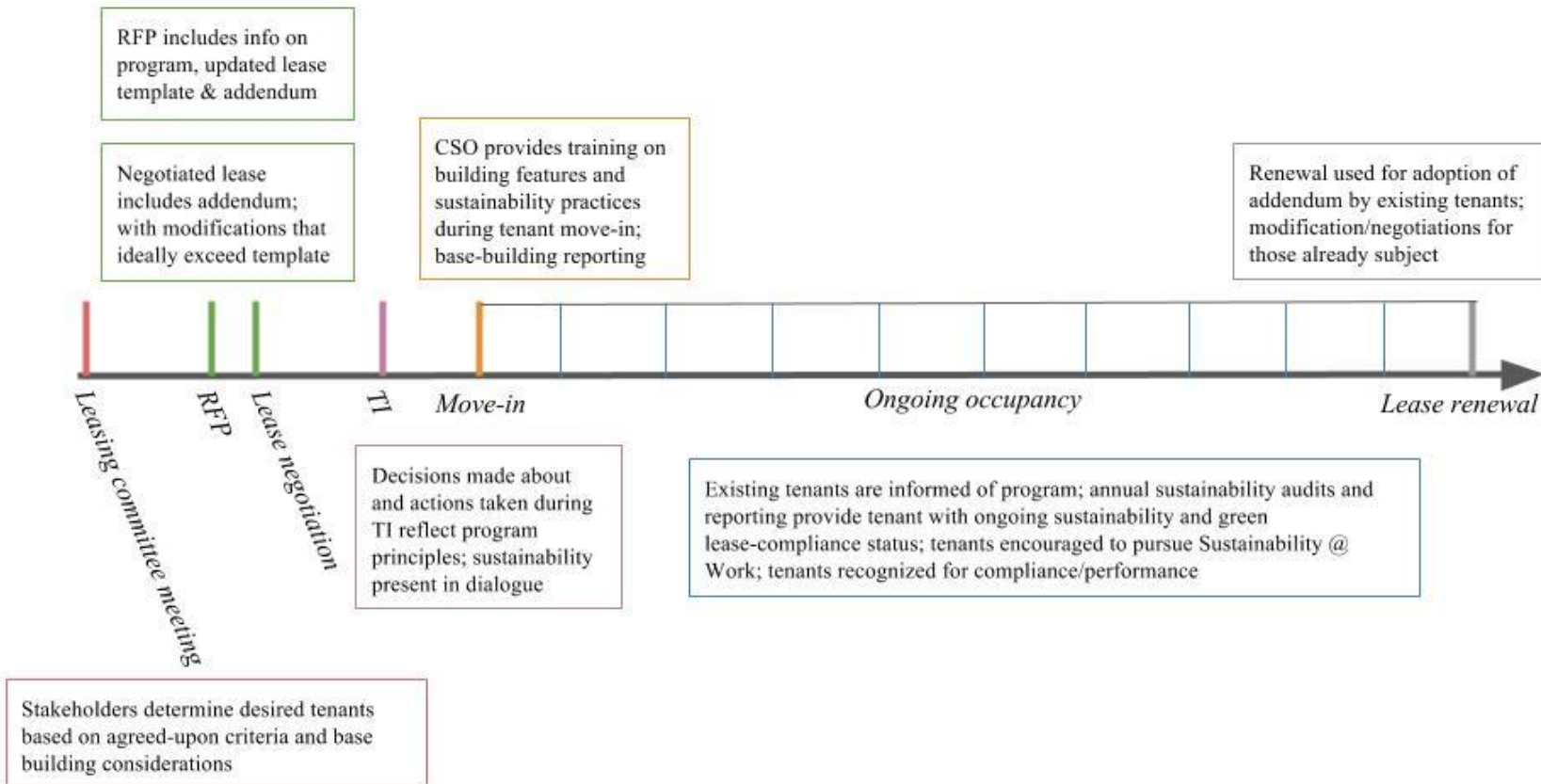
NYU Schack Institute of Real Estate. (August 2011) New York University Green Lease Guide. Accessed from: <https://www.scps.nyu.edu/export/sites/scps/pdf/real-estate/sbe-green-lease.pdf>

Ogier. (October 18, 2010) 'Green Leases': commercial lease arrangements for sustainable buildings. Accessed from: <http://www.ogier.com/publications/green-leases-commercial-lease-arrangements-for-sustainable-buildings>

Piperato, S. (July 2, 2015) The Greening of Leasing. Accessed from: <http://www.nreionline.com/office/greening-leasing>

# Appendix A - PSU Green Leasing Program Components and Timeline

## PSU Green Leasing Program Components and Timeline



## Appendix B: Sustainability Addendum

### EXHIBIT TBD

#### PSU LEASE SUSTAINABILITY ADDENDUM

As part of the Landlord's Green Leasing Program, this Exhibit outlines requirements, expectations, and recommendations for Tenant practices and behaviors. These guidelines express a shared commitment by the Landlord and Tenant to develop and maintain Premises and ongoing occupant operations in a way that minimizes environmental impact and enhances social and economic outcomes for individuals. Additional information and materials regarding the Landlord's Green Leasing Program will be provided to the Tenant separately and may be updated at any time.

##### *Tenant Improvement and Alterations*

- Tenant is required to comply with Landlord's [Technical Design Standards](#) for all improvements and alterations. These standards help to ensure that the base building and altered Premises are designed to maximize resource efficiency and reduce negative impacts on the health of construction staff, building occupants, Tenant employees, and community members.

##### *Tenant Training Upon Commencement of Occupancy*

- Landlord will provide and Tenant representatives must participate in a training at the beginning of occupancy. This training will provide details about the Landlord's Green Leasing Program. Training participants will understand relevant design and use features of the base building and altered Premises. In addition, opportunities for developing internal policies and procedures that align with guidelines in this Exhibit and the Landlord's Green Leasing Program will be identified, discussed, and recorded.

##### *Annual Walkthrough and Data Sharing*

- Landlord will provide and Tenant representatives must participate in an annual sustainability walkthrough. This walkthrough will provide an opportunity for the Tenant to review its infrastructure, policies, and procedures used to meet the guidelines of this Exhibit and the Landlord's Green Leasing Program. The Landlord will provide a written summary following the walkthrough that identifies opportunities for further improvement.
- Tenants with independent or sub-metered utility service must share annual utility data with the Landlord. Data sharing practices will enable compliance with the City of Portland [Energy Performance Reporting Policy for Commercial Buildings](#), and will assist with the identification of utility abnormalities and opportunities for usage and cost reduction.

##### *Ongoing Occupancy*

- Tenants are encouraged to seek certification with the City of Portland [Sustainability at Work](#) program. The Landlord will provide a pre-completed checklist marking actions that have been met by the base building and/or TI. Staff from the Sustainability at Work program are available to assist Portland businesses with their sustainability goals.
- Per section 10 of Lease (Utilities and Services), Tenant is required to meet the City of Portland [Business Solid Waste, Recycling, and Composting](#) rules, including provisions for the banning of [single-use plastic bags](#) and [polystyrene foam containers](#).



- In addition to City of Portland waste management rules, the Tenant must adopt Landlord’s solid waste management strategy, including adoption of waste minimization and diversion principles, as well as life-cycle considerations as outlined in Landlord’s [Sustainable Procurement and Life Cycle Consideration Policy](#). Infrastructure for and systems supporting recycling and composting of food scraps will be reviewed at least annually by the Landlord.
- Tenant and its employees are encouraged to adopt the principles and practices included in the Landlord’s [Energy Saving Guidelines](#) and [Water Conservation Plan](#).
- All purchased products and materials should meet the Landlord’s [Sustainable Procurement and Life Cycle Consideration Policy](#). Tenant must ensure that all employees are properly trained and provided needed equipment to handle cleaning and other chemicals safely.
- Tenant is encouraged to promote alternative commute options for employees and visitors. Information about how to reach Premises on foot, bicycle, or transit should be easily accessible.
- Landlord reserves the right to change electricity providers at any time and to provide or purchase green or renewable energy for the Building. Tenants on their own electricity service are encouraged to purchase green or renewable energy from their electricity provider. Additional costs for Tenant’s share of electricity usage associated with the purchase of green or renewable energy, procured by either the Landlord or Tenant, shall be the responsibility of the Tenant.
- Tenant is encouraged to inform and educate all employees about sustainability at the Premises, including, but not limited to, the guidelines in this Exhibit, and Landlord and City of Portland sustainability-related policies. Incorporating content on sustainability in an employee handbook and/or new employee training with ensure that all employees have access to this information.
- Landlord and Tenant may offer public recognition of sustainability practices and participation in the Landlord’s Green Leasing Program. Recognition materials developed by a single party must be shared and approved by the other party before made public.

IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed this Sustainability Addendum as of the day and year first written above.

LANDLORD:

By:

Title:

TENANT:

By:

Title:

## Appendix C: Current and Potential Lease Addendum Language and Lease Revisions

Topic	Desired Outcome of Adoption	Potential Language for Addendum	Current Language in Addendum	Potential Revisions to Lease Template
Waste	<ul style="list-style-type: none"> <li>- Minimized waste generation</li> <li>- Increased waste diversion to help meet 70% campus diversion goal</li> <li>- Adoption of City of Portland codes: ARB-ENN-2.06 (recycling), Chapter 17.103 (single-use bag ban), Chapter 17.102.310 (polystyrene container ban)</li> <li>- Adoption of PSU Solid Waste Management Policy and principles of waste reduction and reuse as described in the Sustainable Procurement &amp; Life Consideration Policy and Green Events Guide</li> <li>- Awareness of PSU waste management plan and resources</li> </ul>	<ul style="list-style-type: none"> <li>- Required: follow City of Portland codes and PSU Solid Waste Management Policy</li> <li>- Expected to adopt 70% waste diversion goal per PSU policy</li> <li>- Adoption of life-cycle and waste reduction procurement principles in Procurement Policy and Green Events Guide</li> <li>- With guidance from PSU Waste Management Coordinator (as requested) develop waste infrastructure and system to facilitate maximum waste reduction and diversion</li> <li>- Train employees on food prep strategies that maximize capture of usable ingredients</li> </ul>	<p>Per section 10 of Lease (Utilities and Services), Tenant is required to meet the City of Portland <a href="#">Business Solid Waste, Recycling, and Composting</a> rules, including provisions for the banning of <a href="#">single-use plastic bags</a> and <a href="#">polystyrene foam containers</a>.</p> <p>In addition to City of Portland waste management rules, the Tenant must adopt Landlord’s solid waste management strategy, including adoption of waste minimization and diversion principles, as well as life-cycle considerations as outlined in Landlord’s <a href="#">Sustainable Procurement and Life Cycle Consideration Policy</a>. Infrastructure for and systems supporting recycling and composting of food scraps will be reviewed at least annually by the Landlord.</p>	<p>6m (n in BOMA template)Use of Premises: mention of hazardous waste</p> <p>10 Utilities and Services: “Tenant shall comply with any recycling, composting, and waste reduction programs...”</p>
TI	<ul style="list-style-type: none"> <li>- Protect human health and environment</li> <li>- Adoption of PSU Technical Design Standards</li> <li>- LEED buildings: progress towards LEED CI certification</li> <li>- Increase submetering infrastructure</li> <li>- Go above and beyond code</li> </ul>	<ul style="list-style-type: none"> <li>- Suggested/required adoption of Technical Design Standards</li> <li>- Recommended LEED CI certification</li> <li>- Require installation of submeters</li> <li>- Spell out product and material qualifications like low VOC, salvaged/reused/recycled, no carcinogens</li> <li>- Spell out design considerations like access to daylighting, waste bin infrastructure</li> </ul>	<p>Tenant is required to comply with Landlord’s <a href="#">Technical Design Standards</a> for all improvements and alterations. These standards help to ensure that the base building and altered Premises are designed to maximize resource efficiency and reduce negative impacts on the health of construction staff, building occupants, Tenant employees, and community members.</p>	<p>7 Tenant Improvement and Alterations: use strong language to require meeting Technical Design Standards</p> <p>Exhibit D Work Agreement: same as above. Provide justification for Standards needing to be met</p>

<p>Energy &amp; water</p>	<ul style="list-style-type: none"> <li>- Minimized energy use</li> <li>- Increased energy efficiency</li> <li>- Maximized use of renewable energy</li> <li>- Sub-metered tenants: adoption of City of Portland Chapter 17/104 (benchmarking)</li> <li>- Installation of submeters</li> <li>- Adoption of PSU principles of energy use reduction energy efficiency in the CAP and Sustainable Procurement &amp; Life Consideration Policy</li> </ul>	<ul style="list-style-type: none"> <li>- Required to comply with City of Portland Commercial Energy Benchmarking ordinance via annual reporting of data to PSU</li> <li>- Required to select appliances and equipment that meet standards of conservation and efficiency as outlined in Technical Design Standards and Procurement Policy</li> <li>- Opt for renewable energy product offered by electricity provider</li> <li>- Invest and/or subscribe to a local renewable energy project like an Oregon Clean Energy Cooperative project or community solar</li> </ul>	<p>Tenants with independent or sub-metered utility service must share annual utility data with the Landlord. Data sharing practices will enable compliance with the City of Portland <a href="#">Energy Performance Reporting Policy for Commercial Buildings</a>, and will assist with the identification of utility abnormalities and opportunities for usage and cost reduction.</p> <p>Tenant and its employees are encouraged to adopt the principles and practices included in the Landlord’s <a href="#">Energy Saving Guidelines</a> and <a href="#">Water Conservation Plan</a>.</p> <p>Landlord reserves the right to change electricity providers at any time and to provide or purchase green or renewable energy for the Building. Tenants on their own electricity service are encouraged to purchase green or renewable energy from their electricity provider. Additional costs for Tenant’s share of electricity usage associated with the purchase of green or renewable energy, procured by either the Landlord or Tenant, shall be the responsibility of the Tenant.</p>	<p>4 Additional Rent: mention energy efficiency</p> <p>6c Use of Premises: add enforcement for sake of efficiency</p> <p>7 Tenant Improvement and Alterations: require Technical Design Standards and identify energy saving opportunities</p> <p>10 Utilities and services: define and offer more detail on metering infrastructure</p>
<p>Cleaning products &amp; practices</p>	<ul style="list-style-type: none"> <li>- Protect human health and environment</li> <li>- Raise awareness about the potential harm of certain products and practices</li> <li>- Make it easier for tenants to make sustainability-focused choices around cleaning by sharing what PSU has done</li> </ul>	<ul style="list-style-type: none"> <li>- Suggested/required adoption of PSU Procurement Policy</li> <li>- Suggested/required training on cleaning products and other chemical use</li> <li>- Encourage signage regarding cleaning products and chemicals</li> <li>- Spell out requirements for protective clothing</li> <li>- Encourage bulk products that meet certain environmentally-preferred standards</li> <li>- Spell out specific products that must be purchased</li> </ul>	<p>All purchased products and materials should meet the Landlord’s <a href="#">Sustainable Procurement and Life Cycle Consideration Policy</a>. Tenant must ensure that all employees are properly trained and provided needed equipment to handle cleaning and other chemicals safely.</p>	<p>8 Repairs and Maintenance: could possibly mention expectations about cleaning products and procedures here</p>

Procurement	<ul style="list-style-type: none"> <li>- Adoption of PSU principles of reduce items procured, reuse/select salvaged goods, select durable goods, recycle goods as stated in Sustainable Procurement &amp; Life Consideration Policy</li> <li>- Development of individual or adoption of PSU sustainable procurement policy</li> </ul>	<ul style="list-style-type: none"> <li>- Encouraged/required adoption of PSU Procurement Policy</li> <li>- Mandatory training on procurement systems and practices</li> <li>- Spell out specific products</li> <li>- Access to PSU procurement staff</li> </ul>	All purchased products and materials should meet the Landlord's <a href="#">Sustainable Procurement and Life Cycle Consideration Policy</a> . Tenant must ensure that all employees are properly trained and provided needed equipment to handle cleaning and other chemicals safely.	NA
Food	<ul style="list-style-type: none"> <li>- Increased purchase of local and/or organic food items</li> <li>- Diversion of excess food and food waste to donation program of PSU food pantry</li> <li>- Increased awareness of issues related to food production, waste, and packaging</li> </ul>	<ul style="list-style-type: none"> <li>- Develop food procurement systems that favor local and organic produce</li> <li>- Participate/enroll in food donation program</li> <li>- Support PSU Food Pantry</li> </ul>	NA but somewhat addressed in waste-related sections through composting	NA
Transportation	<ul style="list-style-type: none"> <li>- Decreased vehicle miles travelled</li> <li>- Decreased use of single-occupancy vehicles</li> <li>- Increased use of public transportation</li> <li>- Increased use of bicycle or pedestrian modes of transportation</li> </ul>	<ul style="list-style-type: none"> <li>- Establish, encourage...alternative transportation, carpooling, transit</li> <li>- Educate employees and visitors about local transit accessibility</li> <li>- Educate employees about PSU resources for alternative commutes - indoor bike parking, ASRC showers, etc.</li> <li>- Offer bicycle racks/storage for employees &amp; visitors? (where PSU doesn't have any, or have signage pointing to closest)</li> </ul>	Tenant is encouraged to promote alternative commute options for employees and visitors. Information about how to reach Premises on foot, bicycle, or transit should be easily accessible.	32. Miscellaneous provisions: could mention alternative commuting
Sustainability at Work Program Participation	<ul style="list-style-type: none"> <li>- Participation in and utilization of services provided by City of Portland Sustainability at Work program</li> <li>- Achievement of minimum Sustainability at Work silver certification</li> </ul>	<ul style="list-style-type: none"> <li>- Encouraged/required participation in Sustainability at Work program</li> <li>- Minimum level of certification required in order to be recognized on PSU website or in other marketing materials</li> </ul>	Tenants are encouraged to seek certification with the City of Portland <a href="#">Sustainability at Work</a> program. The Landlord will provide a pre-completed checklist marking actions that have been met by the base building and/or TI. Staff from the Sustainability at Work program are available to assist Portland businesses with their sustainability goals.	NA

<p>Training, Education &amp; Awareness</p>	<ul style="list-style-type: none"> <li>- Increased education and awareness about green leasing program</li> <li>- Increased education and awareness about business sustainability practices</li> <li>- Successful marketing of program</li> <li>- Proper acknowledgement of participation</li> </ul>	<ul style="list-style-type: none"> <li>- Required participation in move-in training and annual walkthroughs</li> <li>- Encouraged/required mechanisms for training all staff on green leasing program and sustainability practices and behaviors</li> <li>- Signage for employees and customers</li> <li>- Incorporate information into employee manual</li> <li>- Spell out what tenant must do in order to be publicly recognized as green leasing program participant on PSU website and other outreach materials</li> </ul>	<p>Landlord will provide and Tenant representatives must participate in a sustainability training at the beginning of occupancy. This training will provide details about the Landlord’s Green Leasing Program. Training participants will understand relevant design and use features of the base building and altered Premises. In addition, opportunities for developing internal policies and procedures that align with guidelines in this Exhibit and the Landlord’s Green Leasing Program will be identified, discussed, and recorded.</p> <p>Landlord will provide and Tenant representatives must participate in an annual sustainability walkthrough. This walk-through will provide an opportunity for the Tenant to review its infrastructure, policies, and procedures used to meet the guidelines of this Exhibit and the Landlord’s Green Leasing Program. The Landlord will provide a written summary following the walk-through that identifies opportunities for further improvement.</p> <p>Tenant is encouraged to inform and educate all employees about sustainability at the Premises, including, but not limited to, the guidelines in this Exhibit, and Landlord and City of Portland sustainability-related policies. Incorporating content on sustainability in an employee handbook and/or new employee training with ensure that all employees have access to this information.</p> <p>Landlord and Tenant may offer public recognition of sustainability practices and participation in the Landlord’s Green Leasing Program. Recognition materials developed by a single party must be shared and approved by the other party before made public.</p>	<p>6 Use of Premises: could mention training and walkthroughs</p>
--	--	---	--	---

<p>Diversity &amp; inclusion</p>	<ul style="list-style-type: none"> <li>- Adoption of PSU principles and practices around diversity &amp; inclusion, anti-discrimination, sexual harassment, and more</li> <li>- Increased awareness of social sustainability concepts</li> <li>- Improved hiring practices, employee wages, and benefits</li> <li>- Improved mechanisms for reporting of workplace incidents</li> </ul>	<ul style="list-style-type: none"> <li>- Encouraged/required adoption of PSU policies and principles for equity &amp; compliance housed by PSU Global Diversity &amp; Inclusion</li> </ul>	<p>Somewhat: Tenant is required to comply with Landlord's <a href="#">Technical Design Standards</a> for all improvements and alterations. These standards help to ensure that the base building and altered Premises are designed to maximize resource efficiency and reduce negative impacts on the health of construction staff, building occupants, Tenant employees, and community members.</p>	<p>32. Miscellaneous provisions: could reference PSU practices and policies around this topic</p>
----------------------------------	---	--	--	---

## Appendix D: PSU Lease and Exhibits Outline

With potential green leasing overlap noted

Outline based on CoCo Donuts Lease and BOMA retail template

**Bold** sections recommended for consideration

### *Lease*

1. Premises and terms

2. Rent

3. Security deposit

4. **Additional rent**

- (a) Operating Expenses: language describes applicable operating expenses that the Tenant is expected to pay a proportionate share of, including “...such capital improvements shall include only roof, heating, air conditioning, and sprinkler systems, and those that are required by applicable building codes or laws, or those that the Landlord reasonably believes will improve the operating efficiency of the Building of Property”. Also defines share and estimate of Tenant’s share of operating expenses.
  - Relevance/opportunity/possible revisions: upgrades relating to resource efficiency could possibly be covered under this or better spelled out as possible capital upgrades. This could be an area to revise to include expectation of tenant paying Landlord back up to the point of savings achieved by efficiency upgrade.

5. Insurance; indemnity

6. **Use of Premises**

- (a) Tenant is required to conform to all laws
  - Relevance/opportunity/possible revisions: could be used to enforce compliance with applicable codes and laws, including City waste and energy codes
- (c) Tenant cannot load or use “floors, electrical systems, plumbing systems, or heating, ventilating and air conditioning systems...” in a harmful way.
  - Relevance/opportunity/possible revisions: could be used to enforce proper use or revised to include efficient use of these systems.
- (m) (n in BOMA lease template) discusses environmentally hazardous or toxic substance
  - Relevance/opportunity/possible revisions: could alert Tenant of PSU Waste Management Coordinator’s availability to assist and educate Tenant on hazardous waste practices.

7. **Tenant improvements and alterations**

- Deals with improvements and operations not covered by Landlord or in separate Exhibit (in this case, what is described in Exhibit G)
  - Relevance/opportunity/possible revisions: could revise to require that Tenant follow PSU Technical Design Standards for all improvements and alterations (not just ones covered by TI allowance provided by Landlord). If desired, could also encourage/require compliance with LEED building standards if located in a LEED certified building

8. **Repairs and Maintenance**

- (b) Tenant’s Responsibilities: describes what the Tenant must cover in terms of repairs and maintenance

- Relevance/opportunity/possible revisions: in this section, could require/encourage Tenant to follow Technical Design Standards

9. Liens; tenant's taxes

10. **Utilities and services**

- "If the heating and air-conditioning systems or any other utility service is not on a separate meter, Tenant shall pay its proportionate share of such charges as reasonably determined by Landlord provided in Section 4(a) (Operating Expenses) of this Lease"
  - Relevance/opportunity/possible revisions: this seems like an important place to provide more detail about the different possible utilities (electric, natural gas, water/sewer, chilled water, etc.) that could be provided to the space and/or submetered. Could be revised to state this more clearly here, or refer to supplemental addenda/attachments that provide more detailed information.
- "Tenant shall comply with any recycling, composting, and waste reduction programs required by any Law or reasonably required by Landlord."
  - Relevance/opportunity/possible revisions: could specify City of Portland recycling requirement and PSU Solid Waste Management Policy

11. Ice, snow, and debris

12. Waiver of subrogation

13. Injury to tenant's property

14. Damage or destruction

15. Eminent domain

16. Bankruptcy

17. Default

18. Remedies on default

19. Surrender at Expiration

20. Assignment & Subletting

21. Subordination

22. Transfer of the property

23. Estoppel Certificate

24. Performance delays

25. Landlord's right to cure default

26. **Inspection**

- Describes right of Landlord and it's agents and representative to enter Premises after verbal notice
  - Relevance/opportunity/possible revisions: this section may provide support/structure for annual (or other interval) audit involving Property Manager and other Landlord representatives (like CSO staff). Could be revised to make reference to this annual audit of sustainability-related practices.

27. For sale and for rent signs

28. Attorney fees

29. Notices

30. Brokers

31. Late charges

32. **Miscellaneous provisions**



- This section has a variety of clauses
  - Relevance/opportunity/possible revisions: here, or elsewhere in the lease, a statement acknowledging an attached Sustainability Addendum could point the Tenant to more detailed language

(32 in BOMA lease template No personal liability)

33. Quiet enjoyment

34. Anti-terrorism law

35. Financial statements

36. Waiver of jury trial

(37-40, 42-44 below are in KMC leases but not in BOMA template)

37. Prohibited use

38. Outdoor seating

**39. Exhibits & additional provisions**

- Lists attached Exhibits
  - Relevance/opportunity/possible revisions: if including a Sustainability Addendum, would need to list here

40. Disclosures

41. Representations; preparation

42. Counterparts

43. Execution by tenant

44. Effective date

*Exhibits*

A Site plan

B Guaranty

C Option to Extend

**D Work Agreement**

- Includes details on plans, TI work and allowance, allocation of costs, cooperation and inspection of construction, and more, as well as references to additional Exhibits, such as Exhibit F Construction Rules
- Section 1 Plans: describes timeline and requirements for finalizing plans and their approval
  - Relevance/opportunity/possible revisions: this section could be used to enforce compliance with Technical Design Standards, or an a predetermined most important subset
- Section 4 Allocation of Costs: Shares TI allowance and defines allocation of costs between Tenant and Landlord
  - Relevance/opportunity/possible revisions: if any cost increases are anticipated or created by stricter enforcement of the Technical Design Standards, this section could describe/note that those are accounted for in the TI budget, or not

**F Karl Miller Center Construction Rules & Regulations**

- (a) describes Exhibit K on LEED for Commercial Interiors
  - Relevance/opportunity/possible revisions: language surrounding the opportunity to achieve LEED CI could be strengthened. Reference to the Sustainability Addendum

could point the Tenant to additional language regarding benefits to Tenant for participation in sustainability-related efforts.

- (g) explains when painting can occur and that paints shall be low-VOC
  - Relevance/opportunity/possible revisions: because there is overlap with the Technical Design Standards here, this could be revised to note that additional requirements can be found in the Technical Design Standards

#### **G Tenant improvements**

- Lists improvements covered by the Landlord and those covered by the Tenant
  - Relevance/opportunity/possible revisions: this section presents another opportunity to make specific reference to the Technical Design Standards. Could be revised to explain that the “Landlord/Tenant shall, in alignment with the Technical Design Standards...”. Improvements related to energy and water efficiency, as well as to utility infrastructure and submetering could be better explained.

H Landlord’s sign criteria

I Prohibited Uses

J Boli/prevailing wage rate requirements

#### **K LEED tenant improvement design guidelines**

- This entire Exhibit provides useful and relevant information on LEED, the actions taken to pursue LEED certification for the base building, and the steps the Tenant can take to pursue a LEED Commercial Interiors certification for the leased space.
  - Relevance/opportunity/possible revisions: a document like this could be developed and provided to Tenants in any LEED certified building. The Exhibit could be revised to ensure that language and formatting is consistent with other lease documents. Additionally, it could be revised to make reference to relevant PSU policies driving the push for LEED certification.

## Appendix E: Potential Resource Commitment

<b>Program Component</b>	<b>Labor</b>	<b>Expenses</b>
Leasing Committee	<ul style="list-style-type: none"> <li>• 5-10 Committee members</li> <li>• 6 hours from select members to prep information for kick-off meeting</li> <li>• 2 hours per Committee member for kick-off meeting</li> <li>• 1 hour per Committee member per meeting for each upcoming tenant search</li> </ul>	<ul style="list-style-type: none"> <li>• Potential software or subscription fees for improving tracking systems for CRE and utilities</li> </ul>
Lease Negotiation	<ul style="list-style-type: none"> <li>• 5-10 hours from select Committee members and legal counsel office to prepare any revised leasing language and Sustainability Addendum</li> <li>• 1-2 hours from CPO or other PCRE staff per lease negotiation to clarify and answer questions about Green Leasing Program</li> <li>• 1-2 hours from CPO or FPM staff at time of lease renewal to advocate for adoption of Sustainability Addendum</li> </ul>	<ul style="list-style-type: none"> <li>• \$70 for BOMA green lease guide, if desired</li> </ul>
TI Oversight	<ul style="list-style-type: none"> <li>• 3-5 hours from CPC and/or FPM staff to ensure that TI planning and negotiation meets Technical Design Standards and other principles of Green Leasing Program. May include consulting with CSO staff.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential additional budget or % increase for full Technical Design Standards adoption</li> </ul>
Move-in Training	<ul style="list-style-type: none"> <li>• 5-10 hours from CSO staff to develop training plan and inform PMs</li> <li>• 3-5 hours from CSO staff per training, including prep, visit, and follow up</li> <li>• 1 hour from PM per training</li> </ul>	<ul style="list-style-type: none"> <li>• Printed materials provided to Tenant</li> </ul>
Annual Walk-through	<ul style="list-style-type: none"> <li>• 8-10 hours from CSO staff to develop walk-through plan and report template and inform PMs</li> <li>• 4-6 hours from CSO staff per walk-through, including prep, visit, and report development. Includes reviewing building utility usage.</li> <li>• 1 hour from PM per training</li> </ul>	<ul style="list-style-type: none"> <li>• Printed materials provided to Tenant</li> <li>• Gift cards or other give-away to acknowledge sustainability practices observed during walk-through</li> </ul>

<p>Ongoing Occupancy</p>	<ul style="list-style-type: none"> <li>• 20-30 hours of CSO staff and FPM time to develop pre-completed Sustainability at Work checklists for all buildings with office and retail tenants and to review with City of Portland staff</li> <li>• 3-5 hours per year from CSO staff time to coordinate with PM on information to share with tenants</li> <li>• 1-2 hours per tenant per year from PMs to follow-up with tenants on Green Leasing Program related questions and resources</li> </ul>	<ul style="list-style-type: none"> <li>• Printed materials provided to Tenant</li> </ul>
<p>Other</p>	<ul style="list-style-type: none"> <li>• 15-20 hours of CSO staff time to develop and finalize supplemental materials for program, including compiling copies of relevant policies and support services offered by PSU and externally, like the City of Portland and Energy Trust of Oregon</li> <li>• 15-20 hours of PCRE or other PSU staff time to update PSU website with information about green leasing, possibly within sustainability pages</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>