



Municipal Leaders Forum – October 27, 2010 Record of Meeting

Attendance

Catherine Rose – City of Pickering	Tony Iacobelli - City of Vaughan	Sandra Kaiser – Smart Centres
Edward Nicolucci – City of Mississauga	Larry Brydon – Reliance Comfort, CaGBC-GTC	Brad Keast – Smart Centres
Gregory Bender -	Lyle Shipley- CaGBC-GTC	Paul Golini – empire Communities, BILD
Kirk Johnson – City of Toronto	Glenn Macmillan, CaGBC-GTC, TRCA	Victoria Gagnon - OPA
Scott Armstrong - MMM	Dan Stone, CaGBC-GTC, Waterfront Toronto	Joe Vaccaro – Empire Communities
Teresa Cline – Region of York	Claudia Duggan – CaGBC-GTC	

8:30 AM	Refreshments
9:00 AM	Welcome and Introduction – Dan Stone, Chair MLF
9:05 AM	<p>Overview of Best Practices Manual – National Toolkit Update and GTA Addendum – Scott Armstrong</p> <p>2007 – Green building toolkit – MLForum – Projects from all around country. It needed relevant GTA context due to different legal regimes. The object was to assemble a GTA addendum to the National toolkit focused on best practices, policies that would be more helpful to group.</p> <p>Scott Armstrong: MMM was contracted by CaGBC to update the toolkit, and add to that a sustainable communities piece.</p> <p>MMM is reworking the toolkit to fit buildings and sustainable communities by providing an overarching introduction on what sustainable communities are and their benefits; and then generating 6 main sections: Community planning, Natural environment, transportation, buildings, infrastructure and energy. The most developed piece will be the green building part, because it will be an adaptation of the original toolkit with some updated content.</p> <p>A lot of the information generated by the working group has been included in the green building part to provide local context to it. It is important to know that the way we have been discussing with CaGBC National to provide this update and allow some flexibility to include regional appendices. The idea is that once all the Chapter across the country have developed this type of working group or have this kind of case study information that it would become part of the regional appendix. So the sustainable communities toolkit is the broader document that provides the framework and the regional content gets plugged in in the appendices.</p> <p>We recognized that as a document that gets produced, printed and distributed, it will quickly be out of date. We have certainly seen in the last 3 years, reading through the old municipal green building toolkit that a lot of the information is still current, but a lot of it's out-dated.</p> <p>Delivery: 2nd draft will be ready this week. We had a very tight timeline and we got in and managed to squeeze out a little bit more time for ourselves. We got contacted in late September and had originally 3 weeks to put the whole thing together. So we were able to push that out to about 4 weeks including 1 revision of the draft. So we haven't been able to necessarily provide as much content on the sustainable communities piece, but we have been able to provide the framework. So as information becomes available those sections can more easily be updated and changed, rather than this one document that is all bound and not as flexible. Also, the next plan for national is to make it more of an online tool.</p> <p>Glenn: Will there be an option for this group to provide input/ comments on the document?</p> <p>Scott: Unfortunately there isn't that process in this one. As far as providing comments, I would say that the</p>

information that I got from Dan as part of this group, has been processed and a lot of that content has made its way to at least the green buildings piece. (i.e. Pickering initiative, some of the Toronto projects), just trying to pull up some relevant information as best practices as part of the update of the buildings piece. The idea is that once the toolkit is available, it will be a point of discussion for this group; and that is where the appendices become quite applicable and relevant. So input can be provided in that context. So it's about the language and framework, and then the specific policy input is something for a more regional approach that can be shared across the country.

This version of the toolkit is not that detailed mostly in function of the time and budget that they had but also recognizing that it is a more regional issue and the document is meant to be a larger platform.

Lyle: I wanted to comment that, on Scott's defence that it wasn't a MMM group's the decision to rush the timeline. CaGBC came up with some funding that had a very short window of opportunity on it. So they had a longer term in the agenda to update the toolkit, but when they came across this funding they were able to put it on a fast track and that is why MMM group has also been put on a fast track. And the other point is that this will become much more of a living document, as part of the feedback received from the group that the document needed to be kept current.

Timeline: The second draft is going in this week. There will be another short revision period. I think the idea is that National will want to publish it in early November; maybe in the month of November.

The idea of the toolkit is to introduce the concepts, and the original toolkit was a lot about that too. This is why buildings are important, this is the business case for it, this is how municipalities can do it etc.... it provides examples on how municipalities have done things.

Dan Stone – it provides opportunity to other municipalities to learn what works and what doesn't. Examples on incentives, policies....lessons learned.

The toolkit begins with an inventory of national policies, identifies policies from each province that contribute to sustainability. But the toolkit applies to all provinces, so it is not very locally detailed, but it provides some recommendations to develop policies. The toolkit is not meant to provide answers, but to broaden the discussion and to help other groups like this to start the discussion for local content. The toolkit does have specific examples though.

Joe: In the document, how do you define sustainability? What are the elements to that word?
We are not coming with a new definition; we are just framing the discussion in each of the 6 categories. We are talking about what does sustainable infrastructure mean, and so on... we are identifying the issues and breaking down into categories.

Joe: Is there an economic, environmental and social points of view in this document? The sustainable community needs to have all those points. The triple bottom line

The toolkit is based on the original one, with an expansion to sustainable communities.

Larry: This document is overarching, but for this group, at the GTA level is not designed to be specific to each municipality. There is definitely work for us to do and hopefully that regional content framework coming out of that document could help us to provide the table of contents that we have been trying to figure out. Another thing, is that our working group would be limited to the municipalities and I would suggest that we have some industry leaders to participate in the discussion. We are at the point where we are trying to decide what we want this group to be working on and what we want to produce out of this group

Dan: We talk about deliverables and things but at the Municipal Leaders Forum, we meet on a quarterly basis and I had the idea that at the end of the day, whether or not we produced anything wasn't all that important for us. A lot of the value comes from sharing stories and learning from each other.

In the past, we have invited guests that would do presentations on what they were doing to broaden our scope. So, that is the learning that we are doing as municipal leaders: the information sharing.

9:30 AM	<p>Presentation: Paul Golini – Empire Communities, Chair BILD Green Committee</p> <p>“As an industry we are aligned with provincial commitment to create stronger, more liveable and sustainable communities. There are many examples of how industry leaders are re-working within the current environment to show off best practices and as an industry we are leading the way and pushing the boundaries of sustainable development. We have always been supportive of the provincial mandate which supports intensification, sustainable development and green space protection. All contained, as we know, in the planning act. So, we have already touched upon the existing planning regime. So, as an industry we are actually the ones who are executing on these plans, implementing and delivering the goods when it comes to plans and some of the objectives that we have talked about. We are the supply chain providers. We also produce, delivery and provide the warranty standards in the market. In fact, we are truly partners in enhancing environmental protection, healthier life styles and revitalizing communities.</p> <p>So as the developing building industry considers sustainability. There are a number of key areas required to support the business case for sustainability and their gaps will need to be recognized by all the interested parties. As in the case of the commercial adoption of any housing innovation, of the deployment of sustainable building and planning tools will require solutions to challenges concerning costs, risks, impacts of affordable housing and choice. So first we need to understand the innovation process in the residential development context. We have proven that our industry is highly entrepreneurial and many builders and developer have continently decided to embrace the innovation. Many examples of this: the archetype sustainable house is a perfect example where we worked together with TRCA. The industry came together with government and it is the perfect example of how collaboration leads to some great results.</p> <p>As an industry we use innovation to differentiate our product into our building practices to make a better house. Empire communities, the company that I represent is a prime example of how we had to use innovation in the form of energystar and as we are talking about sustainable development and practices outside the box as well. We have decided to transform our company into solely energystar back in 2007. We had many challenges because it affected every aspect of our business model. The way we design, so our consultants had to be involved and had to be aligned. The way we communicate with the buyers was also altered.</p> <p>At the same time, that we are trying to be leaders, we have to realize that we are in the business of managing risk, and this industry involves many. For example, changing market conditions, escalating government, complexity of managing construction costs and changing preferences of home buyers. So we are truly ready. We have many business cases. Pilot projects are key to transforming the industry but we cannot base the rules of an entire region on one off projects and pilot projects. They help assist us in extrapolating best practices and eventually develop the plan for the community.</p> <p>The regulatory system must facilitate the use of innovation and not present delays. The use of innovation must present benefits to the end consumer. So, from our perspective, issues of cost, innovation, finance, all emerge as key issues to the deployment of sustainable practices. Given the market nature of the residential development industry, new home buyers and the end consumers are the ones who decide what gets built. They will bear the cost and therefore it is their willingness to pay for the green sustainable practices that will affect our business case.</p> <p>Joe Vaccaro:</p> <p>From an industry’s perspective, we have to work within the regulatory content. Market transformation is a reflection of the consumer being prepared to take on an additional cost. So ultimately, it’s all about the box, you are selling the box.....it all looks great on paper, but now you have to move it forward.....The catch phrase around the office is: “granite or green?” Do you want the kitchen counter to be granite, or do you want more green products? From a leadership point, we will only build energystar homes, we have established that we are moving forward. So will the market always be there? We will have to wait and see. Local policies that are built on a market’s expectation are in a dangerous place.</p> <p>Collaborative work with municipalities is very important and we look to the staff to present to the audience and appreciate the fact that we are working on a market context. We want to be leaders but we are dealing with the market reality, and then you get these policies that just don’t fit. So for my perspective, the challenge is, is there</p>

	<p>appreciation for what we are doing? We get into environmental discussions, and again, they look good on paper, but how do we move that forward?</p> <p>Discussion:</p> <p>Joe: We are developing a sustainability matrix, but as we reviewed over 30 pieces, we noted that people define sustainability in different ways, so we are working on our position. The question is, can we find consistency around that word? So that will be the challenge we will have internally. We do want to respond at a minimum, to the issues of environment, economic and social realities. That will be at the cornerstone of that discussion.</p> <p>Lyle: Paul, in 2007 you adopted energystar, how much of that was push from your leadership and your organization and how much was pull from the consumers?</p> <p>Paul: When we started it was all push, definitely we made a commitment that we would start building energystar across our product line until 2008. But it was our decision to change the way that we built the box.... And at that time, absorb the additional cost.... Back 2 or 3 years ago, were substantial. They have come down since then, obviously there is a learning curve, based on the fact that more suppliers and contractors are providing services and products, so prices eventually come down. It was voluntary, part of our corporate mandate to differentiate our product.</p>
10:15 AM	<p>Presentation: Sandra Kaiser – VP Corporate Affairs, Smart Centres and Brad Keast - Land Development, Smart Centres</p> <p>Brad Keast:</p> <p>“I’d like to start by giving you an overview of who we are to help frame where we are coming from. SmartCentres is Canada’s largest lifestyle centre developer. We are privately owned, Canadian and based right here in Vaughan. As an integrated developer we have 350 employees across Canada in 4 offices that handle all aspects of development including planning, engineering, construction, leasing, and architecture. We have developed 200 shopping centres across the country and are increasingly incorporating mixed-use components such as office and residential.</p> <p>For the past 16 years we have been working with all levels of government; agencies like TRCA; and industry bodies like CaGBC with extensive experience coordinating with multiple ministries and agencies on each project. For example we own 100 acres of land that is set to become the Vaughan Metro Centre at Highway 7 and the 400 where the subway extension will terminate. Sandra in particular is working alongside the City, Region, TTC, VIVA, TRCA, MTO, and others. Also, an integral part of our development process is consultation with local resident groups, as we strongly believe a collaborative approach yields the best long-term solution.</p> <p>We are members of the Canada Green Building Council; sponsor employee green development training; and we funded TRCAs study on greening retail to create a database of best practices for retailers to reference. On the development side we have worked with the TRCA on Low Impact Development test cases and routinely employ groundwater infiltration systems; wrote the first retail green lease in Canada; and last week held a start-up meeting for our first energy efficient multi-tenant building in conjunction with the City of Guelph’s Community Energy Plan.</p> <p>We focus on unenclosed shopping centres, which the industry has trended towards over the past 15 years. This trend has been market driven as customers prefer the convenience offered by unenclosed centres. It is possible to drive up to the front door and get in and out quickly. Retailers also like the unenclosed centres because it greatly reduces Common Area Maintenance charges or CAM. CAM is the cost the landlord incurs and bills back to the tenant to operate the shopping centre. The costs for operating and maintaining interior corridors and common spaces are eliminated in unenclosed centres, greatly reducing costs for the tenants.</p> <p>In addressing any challenges to retail development, it is important to highlight retail’s unique position. Generally the owner is not the operator. For the most part retail operates with triple-net leases meaning tenants pay all their own utilities, insurance and taxes. The owner does not reap the operational benefits of better buildings. While we have been adopting sustainability measures, we have concerns with the current trend of policy documents with rapidly increasing sustainability requirements. We are not discouraging sustainability features but disagree with how they are being required.</p> <p>Localized Sustainability Priorities</p> <p>All the recognized, voluntary, sustainability programs are designed with a hope that they will incite competition</p>

among developers and as the market matures, create a groundswell of demand for more elements of sustainability. This same competition seems to be occurring at the municipal level as OPs around the GTA are being updated. Each OP seems to have more onerous requirements than that of the neighbouring municipality with the proposed requirements often greatly exceed building code for energy and water.

Once past councils, the Province has been softening the wording of the OPs in their reviews to encourage rather than require certain measures. We believe the base requirements in the OPs should not exceed provincial codes and plans.

Any desire to go beyond this should be encouraged through incentives that make the desired development more appealing to the developer. Incentives could include reduced DCs; bonusing; reduced permit fees; fast-tracked approvals, etc.

While it is often stated that zoning by-laws and site plans implement OPs the reality is that occupancy of a development is the last step in the process. Unless the imposed requirements work for the tenant (be it multinational or new local start up), the development won't occur. We recognize that politically favourable policy and an encouraging business environment is a tough balancing act you all must play in your positions. We feel we need to – and we want to – work together to educate everyone at every stage of the process to ensure: that what is being asked is fully understood; what is possible to develop; and ensure that everyone has the tools to do their job.

Perceived Municipal Challenges

We have encountered numerous situations where sustainability requirements are driving wedges between municipal departments - urban design and traffic; planning and engineering; engineering and external conservation authorities to name but a few on the policy side. Closer to implementation the divide is between planning and building. For the most part, building departments are not equipped with the tools to fully analyse a development's conformity with the adopted policy. Building departments have generally focused on ensuring the Ontario building code is being met from a health and safety perspective. A great deal of training is required to properly review increasingly complex proposals. All of this is adding to an already overloaded staff causing delays and increasing the gap between policy and implementation. Current practice is to submit an engineering report indicating that committed targets are being met. When a building department does not have the tools to properly review this they are likely to see a peer review, which is of course at the developers expense. It is necessary that those making the high level decisions understand the feasibility of their policies. I'd like to speak about our experiences in Guelph as an example for concern with emerging policies. As part of our rezoning application in Guelph we committed to achieving an average energy savings of 25% across the site (compared to MNECB, 1997). We have had significant challenges getting tenants on board.

We have just now started drawings for our first multi-tenant building and for everyone involved, including our external architects, it as been a challenge. To meet this 25% requirement both the tenants and us are required to change our typical designs. A bank was already constructed on the site to be included in our 25% target and that wasn't a problem as the banks have been really pushing ahead with their designs and are getting very efficient. The bank in fact models out around 35% better, but this is what causes great concern when reading some of the new policy documents. New OPs that require significant energy efficiencies are not technically realistic. Aurora, for example, just passed a new OP requiring commercial buildings to be 40% better than MNECB. If our banks are not even achieving this, there's no way we can build any of our other retail buildings to this standard. This concern is even greater when you consider the buildings that will be our Achilles heel with our Guelph project – restaurants. Restaurants, by the nature of their operations and the way the energy model works are extremely energy intensive. The requirement for make-up air is a huge energy demand, and many of the techniques that we employ on general retail buildings to achieve efficiencies like heat recovery from exhaust won't work in a restaurant setting because the exhaust is grease-laden.

Retail – Specific Challenges

There are two main obstacles we have in getting tenants to adopt more energy efficient buildings – the lease structure and the tenant's organizational structure. As previously mentioned with the triple net lease, the developer incurs all the capital cost for the improvements while the tenant is the one that benefits from the reduced operational costs. The common sense solution would be to charge an increased rent. The roadblock with this is that the front line leasing personnel on the tenant side are incentivized to complete a large volume of leases every year and these leases are generally approved by weighing the lease rate to the anticipated market for the project. The retort to this notion is: Well surely they understand that they'll save on the operations side by using less energy,

	<p>especially when increases in energy costs are projected, right? Tenants are very resistant to changes to their prototype. Using the “if it ain’t broken, don’t fix it” model, before buying into a new design a tenant will want to see an operational store that has empirical evidence their requirements will still be met while operational costs are reduced. Because we are just starting to design these types of buildings, we can’t point to an example to put their concerns to rest.</p> <p>Furthermore, many tenants seem to operate in silos where their operations team does not speak with their leasing team and operational costs are not added to lease rates to develop a true cost of doing business. We have even found great resistance from tenants that have made the leap in one or two test cases to go into more efficient buildings. Generally tenants’ prototype development is cyclical. The development stages are design, roll out, operate, review, and repeat. For a tenant to develop a one-off store is inefficient. It is also recognized that customers will shop for the lowest price and will not pay more to shop in a green development.</p> <p>Also, in a fragmented regulatory environment we are faced with projects where other developments in the area may not have the same requirements because they received their approvals before more stringent policy was adopted.</p> <p>Moving Forward To keep moving forward there are steps we all need to take. We, the landlords, need to continue to educate our tenants of what we are doing and why; we, the development industry, need to continue dialogue with you so we know the challenges the other is facing; we need to strengthen communication with everyone involved in the development application process so there is buy-in and understanding of the process; and we need to ensure everyone throughout the process is equipped with the knowledge and tools to do their jobs. If I can leave you with two messages it’s these. First, environmental and economic sustainability must go hand-in-hand.</p> <p>Second, we support municipalities in encouraging sustainability in a homogenous fashion across all municipalities. This should be done through performance objectives not prescriptive technologies while keeping in mind that one or two pilot projects cannot be referenced to make a general policy. If each of Ontario’s 444 municipal governments goes their own way it won’t work. We strongly encourage you to work together to come up with common sustainability features you are striving towards to be met through incentives not requirements above provincial codes and plans.”</p> <p>Sandra Kaiser:</p> <p>Our tenants are our customers. We don’t build spec space, we only build when we have customers. We do not have vacant space. We are very careful about not having empty space. We are driven by our tenants and what our tenants’ requirements are. Fortunately our largest tenant is the world’s largest retailer and also green advocate: so wallmart has worked close with us on a lot of things and they have the resources to drive real change.</p> <p>However, most of our other tenants are still not interested in doing anything green. We deal with the largest national and international retailers in the world and the want lots of parking, and parking by their door.</p>
11:00 AM	<p>CaGBC GTA Chapter Position Paper on the Review of the PPS Follow up: on the last meeting, we talked about the Chapter being an advocate. So the period for review of the PPS is up on Friday, and at the last meeting we talked about issues that we wanted to be engaged in and the municipal leaders thought we should this was one the items we should take a position on.</p> <p>Terri took the initiative to put together a draft policy paper which I was intending to circulate in advance but I dropped the ball and now we are under the gun. Now basically this would be a position that we would take to the Board of Directors and have them endorsing it.</p> <p>I will send around to the full group and ask for comments. Keep in mind that this is the position you feel the Chapter should take on this issue.</p>
	Municipal Leaders Forum – January 11 th , 2011 - tentative
12:00 pm	Meeting Dismissal