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CENTRAL MINNESOTA

HELPING YOUR BUSINESS PROSPER

ST. CLOUD AREA
QUARTERLY BUSINESS REPORT

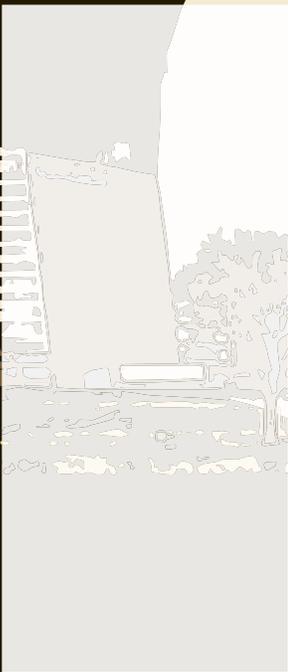
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ST. CLOUD
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BUILDING GREEN

3 local businesses say the investment pays off. Take a tour to see if it works for you. **PAGE 8**



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D.J. BITZAN HAS NEW HOME,
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{ cover story }

Is green building



RIGHT FOR YOU?

Take a tour on pages 10-14
of 3 local businesses that built
with environmentally friendly
practices in mind

At Winkelman Building Corp. in St. Cloud, Keith Schupp glances out a conference room window on a bright winter day and breathes.

The air at his building is cleaner than it was before a 2003 renovation. The windows bring in natural light — good for the

mood and worker productivity — and save him about 30 percent in utility costs per month, said Schupp, senior vice president. The carpet he walks on is made of recycled materials. Even the sink at which he and his employees wash their hands uses 50 percent less water than its previous sink.

“We felt it was the thing to do,” said Schupp, whose organization helped build some of the first LEED-certified projects in Central Minnesota, such as Kennedy Community School in St. Joseph. LEED stands for Leadership in Energy and Environmental Design. The certification is done by an

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BUILDING NEW: Robbie Schultz, senior project manager at Winkelman Building Corp., talks about green building designs used on the second floor of the new St. Cloud Orthopedics building in Sartell. FAR LEFT: A view of the site under construction.



BUILDING BIG: Keith Schupp from Winkelman Building Corp. (left) talks with Shane Vasek, operations manager for Budweiser wholesaler C&L.



BUILDING SMALL: Linda Maron, executive director of educational services provider Reach-Up Inc.

objective third-party called the U.S. Green Building Council.

When the federal government in 2009 passed the American Recovery and Reinvestment Act, it set aside billions of dollars in training and tax incentives for green building like the kind Winkelman does. For example, \$500 million was set aside for worker training in energy efficiency and renewable energy careers.

And local utility companies are offering to commercial and residential construction companies thousands of dollars in rebates for building geothermal heating systems. The energy-efficient systems control a

underground pipes.

Some tax credits and rebates expire in the next few years, including federal business tax credits for building geothermal systems and small irrigation projects.

The benefit to businesses can be big. According to the U.S. Green Building Council, building green saves money, increases

building's temperature through

productivity and improves the environment. Operating costs on green buildings decrease 8-9 percent, according to the council, and such buildings consume 26 percent less energy. One study found a link between lighting design and a reduction in headaches, decreasing employee health insurance costs. Another study found that when stores had skylights, sales were 40 percent higher.

Other benefits to building green are less measurable, such as improved mood from more

natural light. LEED certification also includes rewards for building with locally made materials.

Central Minnesota businesses are catching on to these benefits. Schupp said it builds 30-40 buildings a year. Most of these now have some green features.

"Ten years ago nobody was even thinking of anything like this," he said.

Still, it's not for everybody — at least not the certification. LEED certification can cost as little as \$2,000, but some projects can cost \$30,000 for certification and approval by the U.S. Green Building Council, which gives the ultimate stamp of approval. And that doesn't include membership dues, which range from \$300 to \$12,500, depending on the gross annual revenue of your business.

But across the following pages you will find examples of what it could look like for your business if you decided to renovate or build new with green components.

ROI Central Minnesota took tours where green building has gone on — projects big and small, in buildings old and new — and asked questions about costs and benefits.

Through these tours, you can decide whether green building is right for you.

Check out these resources for information on construction, federal stimulus funding, how to become certified by the U.S. Green Building Council and more.

» **Ways to use stimulus money** for green building projects, as recommended by the U.S. Green Building Council: www.usgbc.org/ShowFile.aspx?DocumentID=5602.

» **Research** — including some peer-reviewed articles — on the costs, benefits and issues in green building: www.usgbc.org/DisplayPage.aspx?CMSPageID=77#economic_analysis.

» **Information** from the U.S. Environmental Protection Agency on Energy Star, a performance rating system on green projects: www.energystar.gov/index.cfm?c=tools_resources.bus_energy_management_tools_resources.

» **How to become a certified expert** in green construction, architecture, project management and other areas: www.usgbc.org/DisplayPage.aspx?CategoryID=19.

» **Becoming a member** of the U.S. Green Building Council: www.usgbc.org/DisplayPage.aspx?CategoryID=2.

» **American Council for Energy-Efficient Economy**: <http://aceee.org/energy/national/>.

Building **NEW**

Bill Worzala needed a new building at St. Cloud Orthopedics, where he's the administrator.

But to be honest, he said, he hadn't given green building much thought.

He had already chosen Winkelman Building Corp. as the project contractor. Winkelman told Worzala he ought to think about building with environmentally friendly design and construction practices — and even getting LEED-certified by a third-party organization.

He gave it some thought. Then he did the math on the new \$9 million building. Even though his environmentally friendly heating system cost \$300,000 more than a conventional heating and cooling system, he found out his company would save \$40,000 a year on its utility bills. That means the payback will start after seven or eight years.

"We started looking at it and said, 'Hey, you know, that makes sense,'" he said.

Here is a look at the building, which is set to open in May, and many features that make it environmentally friendly.

ST. CLOUD ORTHOPEDICS

LOCATION: 1901 Connecticut Ave., Sartell.

SIZE: 58,815 square feet.

LEED CERTIFICATION: Yes.

TOTAL CONSTRUCTION COST: \$9 million. A similar building without a geothermal heating system and other green building features described below would have cost about \$400,000 less. It will pay for itself in five to 10 years, depending on depreciation schedules, tax incentives and other factors.

PRECAST CONCRETE: The



building's walls are made of recyclable and energy-efficient precast concrete. Such material is often made in a nearby region, which is considered environmentally friendly because less fuel is used for delivering materials. In this case, the precast concrete was made at Wells Concrete in Albany. Its high-insulation roof is also made of a precast plank.

DESIGN: Its design cost about \$90,000, but it entered into an Xcel Energy Design Assistance Program that could get the company \$18,000-\$22,000 in rebates. It will pay for itself in about a year. Some of the rebate-friendly components in the design are wall and roof insulation and lighting design. The building will use about 52 percent less electricity.

TEMPERATURE CONTROL: The system allows for temperature control and air flow in zoned areas, reducing energy use and creating a more comfortable environment for workers. Fewer staff have to respond to environment complaints and workers are generally more productive in a comfortable temperature, according to the Center for the Built Environment at University of California-Berkeley. The typical system usually costs about \$30,000-\$50,000, and pays for itself in about five years, said Robbie Schultz, senior project manager at Winkelman.

RUBBER FLOORS: St. Cloud Orthopedics' gym floor is rubber made from recycled materials.

STORM-WATER MANAGEMENT SYSTEM: Rainwater goes into a catch basin, travels through an underground pipe, and into something called an infiltration basin, which filters sediment before it gets to the city's storm sewer. The cost can be \$30,000 or more.

LANDSCAPE: St. Cloud Orthopedics paid \$1,500 to drill a well for water that will irrigate the landscape. Instead of spraying it above ground, wasting water that will evaporate, the water will go through drip lines straight to the plants.

CARBON DIOXIDE MONITORING SYSTEM: For this project, a system that reads carbon dioxide levels cost about \$100,000. The payback is about two years.

OTHER PROJECTS: St. Cloud Orthopedics is recycling 90 percent of the materials it's using on the construction site. But some costs and benefits are more elusive, such as this one: building a bicycle rack and showers for those workers who choose to bike to work. It also used locally sourced materials. Many features are good marketing tools — and good for the environment. "Some costs you can quantify, others you cannot," Worzala said.

{ cover story }

WHAT'S AT STAKE

When the federal government in 2009 passed the American Recovery and Reinvestment Act, it set aside billions of dollars in training and incentives for green building like the kind some Central Minnesota businesses are doing.

Green construction is growing in popularity. Nationwide, energy-efficient nonresidential construction represented 2 percent of sales in 2005, grew to 10-12 percent in 2008, and is expected to grow to 20-25 percent by 2013, according to the U.S. Green Building Council, which administers certification for energy-efficient buildings.

People who choose not to construct energy-efficient buildings say certain costs associated with LEED certification aren't worthwhile. LEED stands for Leadership in Energy and Environmental Design. The certification is done by an objective third-party called the U.S. Green Building Council.

But the U.S. Green Building Council, as well as LEED-certified architects and contractors in Central Minnesota, say building green saves money, increases productivity and improves the environment.



LOW VOC: Winkelman used paint, adhesives and glue that contain low amounts of volatile organic compounds. These materials contain fewer toxic chemicals. Low VOC has environmental benefit but not necessarily cost benefit, said Robbie Schultz, senior project manager at Winkelman.

LIGHTING: Many windows surround offices throughout the building, allowing St. Cloud Orthopedics to take advantage of natural light, which will reduce lighting costs. It also used fluorescent lighting that requires less electricity and gives off less heat.



GEOHERMAL HEATING AND COOLING SYSTEM: The system uses the ground as its source of temperature control. To create the system, 212 100-foot holes were drilled into the ground. A fluid — usually made of water and environmentally friendly antifreeze — carries heat from the earth to a compressor that releases heat into the building. When the building needs cooling, excess heat gets sucked into the ground.

CARPET: The carpet is made of recycled materials. It costs about \$30 to \$40 per yard, Schultz said, compared with about \$20 per yard for carpet without recycled materials.



WATER REDUCTION: Winkelman installed auto sensors on its sinks, showers and toilets, using about 40 percent less water. This saves \$646 each year, according to Schultz.



{ cover story }

LEED-CERTIFIED PROFESSIONALS IN CENTRAL MINNESOTA

» Whitney Baethke of Sand Companies Inc. in Waite Park.

» Dean Dalzell, Shingobee Builders in St. Cloud.

» John Frischmann, GLT Architects in St. Cloud.

» Joshua Hagen, SCR in St. Cloud.

» Nathan Hansen, Design Tree Engineering Inc. in St. Cloud.

» Megan Henkemeyer, J-Berd Mechanical Contractors in St. Cloud.

» Jared Henriksen, Winkelman Building Corp. in St. Cloud.

» Richard Johnson, SCR in St. Cloud.

» Evan Larson, GLT Architects in St. Cloud.

» David Leapaldt, GLT Architects in St. Cloud.

» Joe Lyon, SCR in St. Cloud.

» Graeme Mahler, Mahler & Associates in St. Cloud.

» Lon Negen, Negen Architects in Cold Spring.

» Perry Nistler, Duffy Engineering in St. Cloud.

» Daniel Osterman, Strack Companies in St. Cloud.

» Judith Peters, LKPB Engineers Inc.

» Christopher Rice, Rice Building Systems Inc. in Sauk Rapids.

» Robbie Schultz, Winkelman Building Corp. in St. Cloud.

» Keith Schupp, Winkelman Building Corp. in St. Cloud.

» Gregory Telste, Rice Building Systems Inc. in Sauk Rapids.

» Kirk Tietz, Winkelman Building Corp. in St. Cloud.

» Jay Vogel, Winkelman Building Corp. in St. Cloud.

Source: U.S. Green Building Council Professional Directory and Times archives.

Building LARGE

Like other companies, the vision for green building started with top leadership. Shane Vasek, operations manager for Budweiser wholesaler C&L Distributing Inc., said the motivators included doing good for the environment and saving money.

C&L used green practices when it moved to a new building in 1995.

Since then, it has been regularly taking on new energy-efficient projects that usually take zero to five years to pay for themselves.

And it's worth it. Take, for example, the two neon signs outside its building. They are now lit by LEDs — or, light-emitting diodes.

It cost \$15,000 to make the change, Vasek said. But the business spends \$12 a month to light the signs instead of the \$120 per month it used to spend.

"It's just phenomenal," said Vasek while on his way to the warehouse, which stores 800,000 cans of beer.

Here's a look at the building and its other green features.

PRECAST CONCRETE: This material used to make the walls is recyclable and energy efficient, according to the U.S. Green Building Council. It is often also made locally, a practice considered friendly to the environment.

EARTH-BERMED BUILDING: Dirt insulates the walls of the building, trapping in heat and conserving energy.

LIGHTING: Its T8 lighting



C&L DISTRIBUTING INC.

LOCATION: 1020 Industrial Drive, Sauk Rapids.

SIZE: 120,000 square feet.

LEED CERTIFICATION: No.

TOTAL CONSTRUCTION COST:

Initial construction costs were about \$400,000-\$500,000, but the company spent an extra \$180,000-\$200,000 to make the building green.

system — fluorescent lights that use less power and give off less heat — paid for itself in 2007. The system cost about \$50,000. Vasek said C&L saves about \$2,000-\$3,000 each month on lighting alone. It also got \$27,000 in rebates from Xcel Energy. The company also uses motion-detection lighting in its warehouse.

CEILING FANS: At \$30 per

fan, air temperature is more consistent, which saves energy.

ROOF AND WALLS: The walls around this building have a high degree of insulation that resists heat transfer. The rubber roof also saves energy. Between the roof and walls, the company spent about \$100,000 above typical costs, but those features will pay for themselves in five to seven years.

OTHER PRACTICES: C&L uses its own well, which costs \$4,000-\$5,000 but saves \$2,000 per year. It uses rubber mulch on its landscape, which cost \$5,000 but saves \$100 per year and it only has to rake it once every three to five years. It recycles everything it can. And even its vending machines have motion detectors on them to reduce energy costs. "Little things like that," Vasek said.

IS LEED CERTIFICATION RIGHT FOR YOUR BUSINESS?

Not everyone who decides to go green gets LEED-certified.

Cost is a major factor in the decision, some Central Minnesota business leaders said. Registration for a project alone can cost \$900 if your organization is a member of the U.S. Green Building Council, which administers LEED certification.

It costs \$1,200 if the organization is not a member. Membership dues vary by annual gross revenue of your company, ranging from \$300 to \$12,500.

And for your building to become LEED-certified, it must undergo a series of reviews by the council. That can cost tens of thousands of dollars. For example, for new construction projects, a building 50,000 to 500,000 square feet costs about 5 cents per square foot for design and construction reviews to become LEED-certified.

A building bigger than 500,000 square feet has a fixed rate of \$27,500 for those who aren't members, or \$22,500 for those who are.

Some people decide certification is worthwhile for marketing efforts and proving to the public their commitment to green building, business leaders said. For others, just building green is enough, and LEED certification may not be necessary.



DOORS: One of the major improvements C&L made was to the warehouse doors its semi trucks use when loading and unloading beer and soda. The high-speed doors go up or down in eight seconds, about two to three times faster than an average garage door. The doors cost \$20,000 each and pay for themselves in seven to nine years.

BATTERY-POWERED FORKLIFTS:

Instead of using propane, they run on batteries that can be recharged after use at the stations seen to the right.



TEMPERATURE CONTROL: C&L uses a computerized system that controls the temperature in different parts of the building, which is key to a business like theirs. Beer temperature is highly regulated, so this is an important feature, Vasek said. Elsewhere, the temperature can be warmer or cooler, which allows the company to control energy savings. The system usually costs about \$30,000-\$50,000.



WASHING TRUCKS: C&L's trucks need to be washed about once a week. So it takes the heat generated from its cooling system and uses it to warm the 100-gallon water tank used to wash its vehicles. The system cost about \$4,000-\$5,000.

HOT WATER from the boilers is distributed through a manifold of tubing.



BOILERS: It spent \$20,000 on energy-efficient boilers. The heating system went from 72 percent efficient to 92 percent efficient — meaning 92 percent of the heat stays in the building. The savings is \$400-\$500 per month. The boilers heat the concrete floor, acting as a radiator.



{ cover story }

It was simple for leaders at education services provider Reach-Up Inc. to build green: It saves money and energy.

When they needed a roomier home, administrators talked to contractor Winkelman Building Corp. They decided on energy-efficient components, such as natural light from windows and a heat-reflective roof.

That was five years ago. Today staff say the decision was a good one. Linda Maron, executive director of Reach-Up, said utility bills are an average of \$627.06 per month. In a building of similar size but without the green improvements, gas and electricity would cost \$1,170 a month, said Keith Schupp, senior vice president at Winkelman.

Here are some ways the building is energy efficient.

REACH-UP INC.

LOCATION: 1250 Johnson Road.

SIZE: 8,000 square feet.

LEED CERTIFICATION: No.

TOTAL CONSTRUCTION COST: About \$1 million.

YEARS IT WILL TAKE TO SEE PAYBACK ON THE BUILDING: Actual savings were not available, but the investment in a typical green building starts to pay back after seven to 10 years, Schupp said.

INSULATED BUILDING: Earth around the building insulates it and saves energy.

INSULATED BUILDING: Earth around the building insulates it and saves energy.



Keith Schupp, Winkelman Building Corp., and Linda Maron, Reach-Up Inc., tour the Reach-Up Inc. building.

DOUBLE-ENTRY SYSTEM:

Its double-entry system saves energy. The system — two sets of doors that trap cold air before it reaches a heated area — cost \$4,000-\$5,000.



RECYCLING: It has two bins for mixed recycling, which get picked up once per week.



WALLS AND CEILINGS: The walls and ceiling have high-quality insulation that resists heat transfer. It cost \$30,000-\$40,000 more for a building of this size, but pays for itself within seven to 10 years.

WINDOWS: Each of its 20-25 offices has one to two windows for additional light penetration. That reduces the need for energy to heat and light the room.

ROOF: The roof is made using white rubber, which lowers the surface temperature and decreases the amount of heat transferred to the building. Such a roof also reduces de-

mand for air conditioning by about 10-15 percent, according to the U.S. Environmental Protection Agency. It cost an extra \$20,000-\$30,000, but the building won't need another roof for decades, saving money and materials. The usual roof costs \$8-\$10 per square foot and must be replaced every 10 years, Schupp said. An energy-efficient roof like this comes with a 20-year warranty, but it lasts at least twice as long, he said.

LIGHTING: Construction workers installed what's called T8 lighting — fluorescent lights that are said to use less electricity than a standard incandescent light, give off less heat and last longer. Fixtures cost about \$2,000-\$3,000 but

HEATING AND COOLING:

This building uses energy-efficient heating and air conditioning systems, said Joe Lyon, who manages the heating, ventilating and air conditioning department at SCR, formerly St. Cloud Refrigeration.

The furnace is 92 percent efficient, so 92 percent of the heat stays in the building. The average system is about 80 percent efficient, he said. It costs 35 percent more, but pays for itself within three to four years, Lyon said.

The air conditioning system is also highly efficient. It generally costs 20-25 percent more for such a system and takes three to five years to pay back.

generally use at least 15 percent less energy, according to the nonprofit American Council for an Energy-Efficient Economy.

OTHER PRACTICES: At night employees draw the shades, another way of making sure less heat escapes the building. **ROI**

Building **SMALL**