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Interview With Dennis Quaintance, CEO of Quaintance-Weaver Restaurants and Hotels

By Margo Flood

Dennis Quaintance, CEO of Quaintance-Weaver Restaurants and Hotels, holds the distinction of LEED Platinum certification for his luxury hotel in Greensboro, NC. The Proximity Hotel is the nation's first Leadership in Energy and Environmental Design (LEED) Platinum-certified hotel. Proximity Hotel uses 41% less energy and 33% less water than a conventional structure of its size without any compromise in comfort or luxury and with minimal additional construction costs. Quaintance believes it is "an urban legend that employing sustainable practices with new construction is too expensive." In an interview with Margo Flood, Executive Director of Warren Wilson College's Environmental Leadership Center, Quaintance explains how his management style, business principles and sustainability commitment form his innovative approach to commercial development.

Margo Flood: You say you always seek new and exciting ways of doing business. We see this in Proximity, the first LEED Platinum hotel in the nation. What drives your vision?

Dennis Quaintance: A lot of leaders work off the profit and loss statement. I see that the real economy is beyond the profit and loss statement. To work in this one, you must deliver value for whomever you do business with and for the people who help you do business. We started this company 20 years ago and I've said to our team all along, "We're not subordinate to each other, we're subordinate to our mission." Our mission is to be of genuine service to our community of guests, to our community of staff members and to our community of stockholders. And that's in priority sequence. It's formed from the notion that in order to gain power, you must give it away. In my leadership style, I endeavor to push

the authority and the power away from me. This map and compass forms the mission of our company and it informs about every decision we have to make.

MF: You keep this 30,000-foot view while also engaging in actual construction decisions for Proximity.

DQ: That's right. I wear more than one hat. That's one thing we'd all be well served to do. Sometimes you're a dad, sometimes you're a son. Sometimes you're the capitalist who's risking the money, and sometimes you're the designer. I didn't want to grab the design reins directly, even though they did tease and call me the chief design officer. But I didn't lead the designs, I led the design team.

MF: You keep a sustainability commitment at the forefront of your business decisions. You care about the people. You make decisions that demonstrate you care about the environment. And it appears they are good economic decisions. But this is not a conventional capitalist approach.

DQ: A conventional capitalist *would* look at it this way if it weren't for the fact that our current financial system incentivizes a different sort of behavior. One, for instance, is that it rewards real estate assets quickly as opposed to owning them for a long time. It's unusual to operate any differently. My guess is that 5-10% of hotels and only 10-20% of commercial development is constructed with a whole strategy that doesn't look for the quick sale. For a capitalist, if you adopt the whole strategy approach, then you didn't drink the Kool-Aid that says a lot of debt — the word that's used now is "leverage" — is a good thing.

I don't believe it is. I've never bought

this. Given the current economy, I feel somewhat vindicated now because I've always said I only want about half the debt the bank will allow me. I want elbow room. If you decide to be invested in something for the long term, you don't mind other people making money right next to you. As a capitalist, this makes good sense.

MF: You keep an eye on the short- and the long-term benefits. This is not a common business strategy today.

DQ: When you're borrowing money and working with investors, you have a fiduciary responsibility that's very real. It's far more abstract to think in terms of responsibility to someone seven generations down the line. I mean, someone seven generations down the line isn't going to sue you if you lie to them. When I go to the bank for a loan, I don't say, "I believe our plan is as accountable to the current generation as it is to future generations." They'd say, "Right. And how are you going to pay this money back?" My personal convictions serve as the turbo charger, not the engine, for my decision-making process. A turbo charger without an engine makes exactly zero horsepower. But, with an engine, it makes more. My engine includes practices that operate within the framework of the conventional capitalist model that has this basic rule: You must have income in excess of outgo. The way that it works for me is this: I am careful not to put my personal convictions out in front of my pragmatism. If I solely operated out of my idealism, I would be broke. I pair it with practices that work. After all, it's not sustainable to go broke.

What has served as an effective driver for the current sustainability movement is that first and foremost, we do not want to be held liable by future generations. I

think they will say that as prosperous as we were, we used a lot more resources than we needed. I think they'll be just as prosperous and use a fraction of the resources thanks to the technology that we invented. That's going to be embarrassing. But we won't be there to take the heat.

My convictions are engaged when I wear my business hat. Sometimes they conflict with business decisions, and I've got to say, "I cannot put that in front of business." I don't run away from this conflict and am aware of it when I make a choice that holds this conflict. I see this conflict as natural ... and healthy. I am drawn to capitalism and to a desire to serve my ideals. So, I have formed the question that keeps them both in play: "Is there a practical reason to do sustainable stuff in our business?" And increasingly, I am only able to pursue things where the answer is yes. Specific things.

For instance, eight or nine years ago we started buying a lot of local food, because we saw that it was practical. Five years before that, we got aggressive with a recycling campaign, and we saw froth downstream so we discontinued it. At that time, it was not a genuine practice. We don't believe in placebos — things that look good (and green) but don't make a difference. With Proximity, we decided to ask whether there was a green option for every decision for two reasons. One, to save energy, which ends up saving us money. Two, for the other important attributes of green buildings — their features enhance the occupant's experience and comfort. This is what hotels are about: a quality guest experience. We believe we're building the next generation of hotel because their green features will become table stakes in the future. So, we're avoiding step-down obsolescence. We suspected guests would appreciate this. People might choose, say, to do their wedding with us because of what we stand for. And it seems they do. And we thought it would attract people to our team and help us recruit good people. And it has.

MF: When you went into Proximity's planning process, did you know upfront that the LEED certification process would provide design principles that

measured up to your standards?

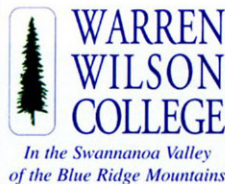
DQ: No, and we looked at it a little differently than this. Our first question was, "OK, are we sincere?" If we're not sincere, then we ought to have the courage to say this and move on. I ask this about all our decisions. Once we decide if we are sincere about our vision, then we decide if we need third-party verification, because green principles are not a joke, they are substantive. I took to heart what *The New York Times* columnist Tom Friedman said: "We're not having a green revolution, we're having a green advertisement." So, right away, we knew that if we were asking questions about our design for Proximity, and wanting it to be green, we would be silly to make independent claims about being green. You'd be a fool to believe independent claims about being green. Ninety-nine percent of them are probably lies or at least exaggerations. So, that's one of the reasons we went with the U.S. Green Building Council's LEED certification program — *verification*.

We thought they provided a pretty good design template, too. LEED rewards "crawl, walk, run" sorts of things. The way their point system works, they emphasize things that scientists say are important. Not just carbon output, but enhanced urban density, urban heat island effect, light pollution and other impacts that for future generations will be mainstream

considerations. So, this was important to us about LEED. But why? Because it satisfied our core value: sincerity. And sincerely, we are committed to ask whether there is a sustainable option for whatever decision we make. Carpets? Windows? We ask this question for every choice. And that drives even more questions like "Are there features or processes we can use in construction or maintenance that will use less energy?" "What will improve indoor air quality?" We set forth those questions first, and once we'd answered them to our satisfaction, then we said "Oh, by the way, would we get any LEED credit for that?" So, we used LEED completely differently than I've heard other people use it. We used it afterwards, almost in the rearview mirror.

MF: The requirements for LEED Platinum must have satisfied your sincerity standard along the way or you wouldn't have achieved the certification. What would you have done if you'd encountered a requirement that didn't measure up to your standards?

DQ: What Proximity's certification demonstrates to me is that LEED is well designed and the things they're rewarding aren't ridiculous. It's reasonable to save energy. We save 41% in a luxury hotel. That shows that the U.S. Green Building



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Council is not putting something out there that is unattainable. The current generation of LEED standards is appropriate because it moves us in the right direction. To your question about requirements that didn't measure up for us, I thought that about a few things, actually, and here's the way it went. Once we got pretty far out the chute, and in the interest of full disclosure, we did start looking closely at what LEED was rewarding. Our decision making went like this: "We're above the gold level, but we need a little bit of cushion." We adopted this approach because LEED can reject some of your credit applications. For example, we thought we met their definition of a brown field, but they said we didn't. There's a point you reach, though, where you don't fight over an individual credit. You get far enough down the pike and you accept their perception, and say, "So, we'll need to have some extra credit." For instance, I didn't think that considering the location of our hotel, we needed to put in as many bike racks as LEED was going to reward, but it was a small amount of money to buy them, so I said "go ahead." I'm delighted to say that I was wrong. These bike racks get used quite a bit.

MF: Would you recommend green hotel construction to the tourism sector, even in these tough economic times?

DQ: Well, yes, I would recommend it

for a lot of reasons. First, I think the statement that it costs too much more is myth, an urban legend. We always remember what we do that adds cost, but we often don't remember things that reduce cost. We think that our green construction added around \$2 million in cost, if you leave out the solar thermal. That's its own discussion. But we also think we saved about a million three. So, our net increase on a \$29-million project was only about \$700,000, again leaving the solar thermal out. Our returns on that system are pretty good, and here's what I mean by that. We were very careful to consider energy consumption at every juncture. In this part of North Carolina, we have to air condition a large part of the year. Air conditioning is about 35% of our annual energy consumption. For a hotel this size, we were able to take about 33% of the air conditioning load out of the equation. We required less air conditioning simply by being more careful in the way we designed the building, by using geothermal refrigeration systems and other things like that that don't create air conditioning load demand. So, we were able to take 11% of the annual energy consumption out of the equation before a shovel even went in the ground just by doing an integrated design. More to the point, we were able to buy a chiller and a cooling tower that were a third smaller, so how much did that save us? We haven't gone back and figured that out but

a larger system would have probably cost about 20% more.

I'm not a policy expert, but it would seem to me that we could incent real estate developers to consider the operating costs (read: energy use) of their buildings by offering accelerated tax depreciation if the energy model was below a threshold but required decelerated tax depreciation if it were above. This might be a carrot and a stick that could cause some changes. Another wild idea: What if the first five years of energy costs had to be essentially escrowed with the development costs. I fear some of my friends will think I'm crazy and that would be crazy if you were the only person doing it but it wouldn't be if everyone did it. Here is another idea: What if *your* college required that the capital budget for new buildings included the first five years of their energy costs? Wouldn't that pay for some of the energy efficiency and maybe even some on-site renewable energy? Here is the point: When you are building, you are always under pressure to get money out of the construction (first cost) budget and often, those budget cuts cut out *sustainable* amenities.

MF: Which underscores the importance of doing the math for long-term return on the investment before the project is undertaken in order to understand the full cost and benefits of construction practices.

DQ: The way I look at it, there are two different buckets. There's a bucket over there that's called first cost; that's the development cost. And then there's another bucket — really a series of smaller buckets, fed from different income streams — that are called the operating costs. These buckets don't fit in the same room; you never see them at the same time. You have your first cost bucket, and then you have your series of operating cost buckets. Most of us capitalists *cannot* see them at the same time because we are incented not to.

MF: What about your guests' reaction. Do they notice Proximity's difference from other hotels?

DQ: This is something I think is terribly exciting. There are about four or five things our Petri dish has revealed. One



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that is especially exciting is that no, guests don't notice the obvious differences, and I think that's a great thing. They notice different things — like they sleep better, because they're literally breathing more oxygen than in a conventional building. But they can't tell that the hot water that they're using was heated by the sun. It probably doesn't occur to them. They're just glad their shower works well and that they have enough hot water to rinse their hair.

MF: Do you make it your business to let them know?

DQ: Not very much. If you came to our hotel and didn't notice the solar panels, you would have to be proactive to seek out the rest. We don't say a word about it. For instance, most hotels have these big signs that say, "We're going green." Don't get me started about those; they're exaggerations. So, I say, why play that game? What we do is we understate it. On the little cards that are on the bed with the sheets and towels, we list our sustainable practices and policies. We explain there is a recycling bin and only to put recyclables in it and not garbage. We mention our guests are bathing by the warmth of the sun. If you flip the card over, in fairly small print, we talk about the LEED Platinum distinction. On the last two pages of the guest directory, which is 25-30 pages long, there is a list of some of our green practices. So, we don't put it front and center. Our idea is that what the hotel is about once you're there is you. It's about your experience of luxury, of comfort, of safety, of cleanliness. It's about your experience, not about us telling you how great we are. We have a small LEED plaque near the elevators and some subtle LEED decals low on the windows flanking the entrance.

MF: What kind of feedback do you get from guests who pay attention to Proximity's green features?

DQ: We can't believe the wonderful feedback we get. It's amazing. I would say that 10-15% of our guests stumble upon this reality — that Proximity uses fewer resources to operate, and took fewer resources to build than conventional hotels. They say, "How did you do it?"

MF: If you did Proximity over again would you do anything differently?

DQ: Yes, but as it relates to the sustainable features, very little. We'd buy the same toilet, we'd buy the same urinals, we'd buy the same faucets, the same HVAC system. But we made some mistakes. There are durability issues with some of the things we chose, but just like anyone, 20-20 hindsight. Happily, as of now — a year and a half into it — we don't have any regrets with anything that is part of our green system. The reason is that we were so terribly careful. We have the saying, measure 16 times to cut once, particularly with things we've never done before. I will say that not everything performed right just out of the box, and we've had to do a lot of fine tuning and adjusting, but we expected that, and we've had a lot of help. North Carolina A&T State University has assisted with research and their help has been just tremendous.

MF: How do you know some features aren't performing well? Do you monitor energy use in the building?

DQ: North Carolina A&T State University helped us put in what are called submeters, and then they put in a weather station. We had our place energy modeled to begin with, and we know what our occupancy and guest counts are. Get this: We are able, on a real-time basis, to crunch the numbers, look at the weather,

adjust the numbers accordingly and see how a chiller or a pump or any individual item is performing compared to the way we modeled it. We have submeters, and they're all wireless, making it possible to see how many BTUs of hot water we are harvesting right now, and how that number relates to the expected amount.

MF: If you boiled it down, what would you say to other hoteliers and the tourism industry about what you've learned from Proximity?

DQ: I would say that the urban legend that it's too expensive to do this green stuff is a myth. What happens is some executive gets "sold" on this green thing. He or she says, "Get me a LEED Gold building." Then he or she gets the bill, sees that it was more expensive and says, "Well, I'll never do that again," not considering the depth of benefits for the long term. And, sometimes they do get a dud because they don't go deep themselves. You simply can't solely rely on paid consultants to paint the big picture, as would the person who actually has the money at risk. You've got to go deep yourself. Figure out the whole short- and long-term picture. Base your decisions on that.

For information about Proximity Hotel, visit www.proximityhotel.com. For information about Warren Wilson College, visit www.warren-wilson.edu. ■

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