

La Paz Office Plaza Laguna Hills, California

Corporate Sustainability Strategies, Inc (CSS) client asset, La Paz Office Plaza is located in Laguna Hills, California in the heart of South Orange County. La Paz Office Plaza incorporates seven, two story, garden style office buildings totaling 180,650 square feet, on approximately eighteen acres of land. The rent roll is dominated by small entrepreneurial businesses and sole proprietorships that are attracted to the project's garden office characteristics such as open tiled courtyards, sparkling fountains, lush landscaping and convenient parking. Floor plans range from 200 to 11,000 square feet with the average sized tenant occupying approximately 800 square feet. The open courtyard design makes it possible for tenants to enjoy the convenience of having the buildings open seven days per week. Benches located around the sparkling fountains are utilized for outdoor meetings, lunches and breaks. The buildings were completed in 1978, utilizing wood frames, stucco walls, tile roofs and solar bronze glass encased in wood frames.



A lighting retrofit was completed with by removing high-energy bulbs and ballasts and replacing with environmental friendly T-8 bulbs and electronic ballasts. The total investment of \$106,000 was offset by a rebate from the utility in the amount of \$41,632 netting a landlord cost of \$64,368. In addition to this rebate, the project was successful in reducing its energy use and qualified for an added \$57,000 rebate from the state of California's 20/20 program. Hence, the out of pocket expense for this retrofit was less than \$8,000. With annual energy savings of approximately \$67,000, the payback was less than two months.

In addition to the above retrofits, the team evaluated and procured power at substantially lower costs than current utility pricing; this procurement strategy is estimated to save over \$164,000 over the next three years. Due to the lease structure for this property being full service gross service leases, these efforts to proactively manage energy costs had a direct impact to the project's net operating income – because under true full service gross leases, increases in expenses are born by the landlord, so each dollar saved in operating expenses goes straight to the bottom line NOI. At the sale of the asset, the brokers involved indicated the above improvements and power procurement increased the building's value by over one and a half million dollars.