

COMMERCIAL PARTNER

TIAA-CREF



Implementation Model: Data Update and Certification Scorecard

ORGANIZATION TYPE

Commercial Property Management

BARRIER

A lack of visibility into the energy and water usage of the third-party-managed assets

SOLUTION

Adding sustainability metrics to the existing property governance scorecard, part of a formal performance assessment of third-party property managers

OUTCOME

TIAA-CREF can better understand resource costs, estimate savings associated with improvement projects, and verify that projected results are achieved

Overview

TIAA-CREF's goal was to improve asset management's visibility into the energy and water usage of the third-party-managed assets and to ensure ongoing attention to ENERGY STAR[®] achievements. To address several barriers, TIAA-CREF added sustainability metrics directly related to the maintenance of their respective ENERGY STAR Portfolio Manager accounts to the existing property governance scorecard for commercial office, retail, and multifamily real estate assets. The quarterly scorecard is part of a formal performance assessment of third-party property managers

TIAA-CREF faced the following energy reduction barriers:

Delayed or lagging data updates in Portfolio Manager – Poor data quality and inconsistent updates for energy and water meter data prevents precise analysis of progress towards sustainability goals. The scorecard serves to reinforce the importance of accurate and consistent updates to the ENERGY STAR Portfolio Manager profiles.

Limited access to energy, water and space use update data – An understanding of the individual ENERGY STAR accounts maintained by third-party property management teams can be difficult to obtain and monitor by executive and asset management in a transparent and efficient way. The scorecard system provides easy access to a property- and portfolio-level understanding of the timeliness of data updates and ENERGY STAR recognition.

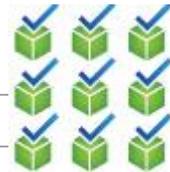
Lack of ongoing attention to ENERGY STAR recognition – Since eligibility for ENERGY STAR certification is on a rolling basis for each property, property teams can lose track of when their properties are eligible. TIAA-CREF encourages the property to apply or re-apply as the case may be immediately upon that property becoming eligible. The scorecard helps to track and encourage the property management team to seek recognition by applying promptly.

TIAA-CREF's Playbook



Policies

Tracking energy and water usage was deemed a key organizational priority, and TIAA-CREF leadership agreed to include energy and water efficiency as part of the formal property manager annual performance review process. In addition, the results of the annual performance review process for individual property managers are aggregated for review at the account level to measure efficiency progress.



Process

TIAA-CREF developed a simple scorecard to be filled out at the property level that provides asset management with visibility into how well individual properties are tracking energy use, water use, and ENERGY STAR certification.

Given the existence of the property governance scorecard platform, it was fairly straightforward to develop the metrics to determine a score of green, yellow, or red. The creative part was establishing fair and reasonable benchmarks to evaluate their third-party property management teams on a quarterly basis. The cooperation and collaboration of the TIAA-CREF property management governance team, their sustainability consultant, and the third-party property management teams were required to ensure the initiative's success.

The process changes that made this solution a success were:

- The addition of the sustainability metrics to the scorecard was developed and launched as a pilot in the first quarter of 2011, and is now generated on a quarterly basis to ensure that property managers update Portfolio Manager on a regular basis.
- The ratings can be aggregated and distributed internally or externally to property management firms and teams. They also comprise a portion of each property team's formal performance assessment. Due to the competitive nature of the commercial real estate industry, measures of relative performance to peers are an effective driver for market transformation and encourage additional buy-in for the sustainability initiative.

- For the Energy and Water aspects, the evaluation is dependent upon the Current Period date, defined as the last day of the most recent month with complete data from all meters (either energy or water), as reported in Portfolio Manager for both energy and water data sets. Scores are allocated as follows:

Green	The property's current period date is within 60 days of the date of the report
Yellow	The current period date is between 61 and 90 days of the date of the report
Red	A current period date is more than 90 days from the date of the report
N/A	The property does not have any associated energy or water meter(s)

- For the Certification aspect, the allocation of scores related to ENERGY STAR certification eligibility is based upon the following table:

Green	Holds a current ENERGY STAR certification or appears eligible for the first time this quarter
Yellow	Eligible for a certification and was also eligible on the previous benchmarking report
Red	Properties that have been listed as eligible on the previous 2+ benchmarking reports
N/A	Properties that do not qualify for an ENERGY STAR certification or do not receive a score

- Variations must be provided on a case-by-case basis for properties that do not obtain energy and/or water utility bills on a standard monthly billing cycle in order to fairly evaluate the property management team performance. Examples of situations that require variances include:
 - The property management team is frequently given the current utility invoices late due to a process of reporting expenses to the accounts payable office
 - A property purchases water from a municipal utility that sends invoices on a quarterly basis
 - The property management team is new to the property and ENERGY STAR Portfolio Manager, and is given a temporary variance until they are trained and on-boarded to the Global Real Estate Sustainability Initiative (GRESI).

To facilitate the scorecard program, all properties in the portfolio must be previously benchmarked in Portfolio Manager and shared to a master account.

Because the scorecard metrics were developed to fit within the already-in-place third-party performance review and property teams were already using Portfolio Manager, it took less than six months to update the scorecard and establish complete buy-in.

At TIAA-CREF, sustainability is viewed as an integral part of their standard operational excellence practices. The data required to track the sustainability metrics is part of the on-going Global Real Estate Asset Management effort, so there is only a small incremental additional effort required to collect, track, and disseminate the sustainability metrics as part of the property governance scorecard.

Tools:

- [Sample Quarterly Scorecard](#)



Measuring Success

On a quarterly basis, each property receives a score in three possible areas: Energy, Water, and Certification

1. For the Energy and Water aspects, the evaluation is dependent upon the Current Period date, defined as the last day of the most recent month with complete data from all meters (either energy or water), as reported in Portfolio Manager for both energy and water data sets.
2. For the Certification aspect, the allocation of scores is related to ENERGY STAR certification eligibility.

Success of this scorecard program is ultimately measured in the percentage of properties in compliance with the corporate property rating policy. Since the inception of the scorecard, the percentage of properties maintaining an up-to-date Portfolio Manager account has risen from only 55% in compliance (green rating) to nearly 90% for energy metrics and 80% for water metrics in the most recent scorecard.

Outcomes



Incorporating benchmarking into third-party property manager performance reviews company-wide enables additional reports and analyses at the property and portfolio levels. Tracking this data enables TIAA-CREF asset managers to understand resource costs, estimate savings associated with improvement projects, and verify that projected results are achieved.

At the property level, third-party management teams typically discover additional benefits to tracking energy and water use over time, such as documenting achievements, identifying aberrations, and enhancing performance.

After a year using the scorecard, TIAA-CREF saw a measurable increase in properties reporting their data in Portfolio Manager. At this time, over 99 percent of properties are reporting.