

# Puget Sound BUSINESS JOURNAL

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BUSINESS JOURNAL | Karen Ducey

**FOCUSED:** Ben Franz-Knight, executive director of the Pike Place Market Preservation and Development Authority and a daily bike commuter, sports a Blackburn helmet headlight that he can charge with a USB cable.

## How we ROLL

With a recent fatality on their minds, local bike-commuting execs reveal how they make two-wheeled transport work for them and their employees in a world that's still dominated by cars.

► Five Seattle-area business people explain how — and why — they use bicycles to get to work and back home safely, pages 34-35.



**SUSTAINABLE BUSINESS REPORT.** 17-23



**BRIAN SONNTAG'S NEW GIG.** 3



Social media  
competition  
deadline  
May 15.



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**NEW BLEND:** Phenol 55 mixes wine and software. 4  
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**GROWING YOUR BUSINESS:** Innovative Vacuum Services. 13  
**THE LIST:** Environmental Services Firms. 20



BUSINESS JOURNAL | Stephen Brashear

**STRONG FOUNDATION:** Shane McCune, left, and Jun Oropel of PHC Construction work on the foundation of a Grow Community home, one of 20 in the first phase of the ambitious development.

Washington's largest solar community takes shape on Bainbridge Island at a time when the region's broader residential construction industry undergoes a post-recession thaw. That makes Grow Community a test case for ideas that others may want to try. 18



BUSINESS JOURNAL | Stephen Brashear

**CREATORS:** Developer Marja Preston and architect Jonathan Davis incorporated resource-saving features (below) such as a faucet that doesn't waste water warming up, and locally sourced lumber.

*The largest in the Puget Sound area are ranked by 2012 revenue for environmental services. | May 12-16, 2013*

[illegible]

Meet the 25 largest  
environmental services  
firms that operate in the  
Puget Sound area. 20

**FRIES WITH THAT:** Recycling ballpark cooking oil. 22

**\$38,000**

Cost of solar installation for a typical home

**\$11,400**

First-year federal tax credit

**\$5,000**

First-year Washington incentive payments

**5.5**

Years for investment to pay back

*Sources: Grow Community, Blue Frog Solar*

“There was a perception that green building was more expensive, and there was some foundation for that.”

BILL CARRUTHERS  
PHC CONSTRUCTION

“You build more of something and it’s less expensive to build.”

KELLY SAMSON  
BLUE FROG SOLAR

“To me, it’s the way people should live.”

LYLE MCCRAE  
FIRST GROW COMMUNITY RESIDENT



## Hotbed of ideas

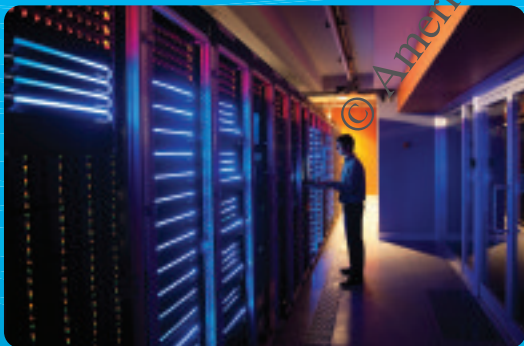
Washington state’s largest solar community tests the marketplace

(BUSINESS JOURNAL) Stephen Brashear

**SIZZLING:** Solar panels predominate at Bainbridge Island’s Grow Community, where 12 of the 20 homes in Phase 1 are under contract by buyers.

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By TERESA MEEK  
CONTRIBUTING WRITER

On 8 acres a mile from Bainbridge Island's ferry dock, construction workers are pounding nails and securing new foundations.

But this isn't just any big real estate development.

The cedar siding comes from a Washington company and was sustainably harvested. Extra insulation is being placed between the studs. Solar panels will cover the roofs. An electric-car charger stands ready in the parking lot, and already some beds of the community gardens are planted with spinach and butter lettuce, sage and marjoram. Blueberry bushes line the periphery.

Welcome to Grow Community, on track to become Washington's largest solar development once it is completed, estimated to be at the end of 2015.

The first phase of 20 single-family homes is under construction, and 24 apartments are to be built as part of this phase. The developers then plan a second phase of some yet-undetermined combination of apartments, condos, and townhouses. A park and a community center will round out the site.

As residential development heats up after a long recession-induced freeze, what's now rising on Bainbridge could be a harbinger — and economic test case — of the kinds of ambitious and ultra-green projects that could pop up throughout the region.

### Complex puzzle

Grow Community's solar-energy design is just one piece of a complex puzzle the developer needed to solve in order to meet a primary goal of creating a "net zero energy" development, meaning one that will generate as much energy as it consumes.

Another primary goal is creating a sense of community. Grow is designed to be a place where neighbors know and interact with one another. With no garages, but plans for shared cars and bicycles; tiny lots, but shared garden spaces and tools; houses spaced close together but surrounded by walking paths, residents will have little choice but to collaborate.

And that's the idea.

"Grow Community is a reaction to suburban sprawl," said project architect Jonathan Davis. "Our goal was to build a community that countered a lot of what's been done in the last 60 years," with developments centered around the automobile and people isolated in energy-inefficient homes.

The project started a few years ago when a band of environmentally minded investors acquired a former site of Navy homes and decided to build a green community. They asked Marja Preston, director of development at Asani, a Bainbridge-based green real estate development company, to come up with a concept.

"It was in 2009, and the economy was not in great shape and housing was not in great shape," recalled Preston, now the developer of Grow. "But the concept was different from what we were finding in the Seattle area, and we hoped it would be of interest to the community."

Preston tapped into a rich vein. She completed three model homes last August and started taking buyer reservations for the project's first phase.

The reservations, which require a refundable \$15,000 deposit, fluctuate as some potential buyers drop out and others take their place, but most buyers are holding on to their reservations. After 30 days, the reservations turn into regular sales contracts, and the deposit money becomes earnest money. Currently, there are 12 sales contracts and eight reservations at the project. Calls from potential buyers, Preston said, come in every day.

"The response has been incredible," she said.

Many buyers are asking about homes in the second phase.

The overall \$60 million Grow Com-

munity project is currently investor-financed. Seattle private lender Builders Capital has agreed to finance the 20 homes currently under construction. Developers are in negotiations to get bank financing for the multi-family portions of the project, said Bill Carruthers, investor and principal of Bainbridge-based PHC Construction, which is building the project. He expects the development will attract additional banks once the initial deal is completed.

"As we go forward, we will have all conventional financing," he said.

In the past, obtaining bank loans for green projects was difficult.

"There was a perception that green building was more expensive," Carruthers said, "and there was some foundation for that."

But as the number of sustainable projects has increased to fill the demand, costs have come down.

When two of the project's three models with upgrades sold for \$525,500 and \$532,600 — above the prices commanded by comparable homes in the market — that raised banks' interest in the project.

Prices at the project range from around \$300,000 to \$550,000, depending on upgrades and options, such as solar, which is actually an option at the project, though so far all buyers have chosen it. Because of market appreciation, developers have raised their initial prices by 7 percent to 10 percent, Carruthers said.

Future rentals are estimated to

See **GROW** | 21

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## Solar panels best on not-hot days

**GROW | From 19**

range from \$900 a month for a studio to around \$2,000 for a two-story, two-bedroom, one-bath townhome. Prices may change with the market over time.

One factor helping to keep expenses in line at the development is the cost of photovoltaic panels, which has dropped by half over the past 18 months.

"It's industry-critical mass. You build more of something and it's less expensive to build," said Kelly Samson, co-founder of Blue Frog Solar, the Poulsbo firm that makes solar panels and supplies them to Grow.

His 2-year-old company has quadrupled its capacity in the past year. Solar technology has gotten "inexpensive enough that we get more orders, then volume goes up and it gets even cheaper," he said.

### Days in the sun

But is there really enough sunshine in cool, rainy Western Washington for solar panels to work?

Yes, Samson said. Washington may be cloudy and rainy in the wintertime, but its long, sunny summer days make up for it. Even the cool temperatures help.

In temperatures over 79 degrees, solar panels don't work as well. They lose 20 percent or more of their energy efficiency because too much of the sun's light is dissipated into heat that can't be used.

"It's counter-logical, but it's true," Samson said. "What the solar panel wants is long, cool, sunny days."

In addition to solar panels, the Grow homes have energy-efficient appliances, extra insulation and a heat recovery ventilation system that recovers some heat from air before it is exhausted from the house.

But the developers wanted sustainability to extend beyond the confines of individual dwellings.

In North America, the carbon footprint, or greenhouse gas emissions, of food and transportation systems is three times the carbon footprint of residential buildings, architect Davis said.

### Sharing cars

At Grow, developers are trying to reduce the transportation footprint by allowing just one parking space for each home.

For residents who need a second car — or who don't have one at all — a fleet of community cars will be available for periodic use. Residents with no car will have free access; those with one car will pay \$50 a month. The developers just purchased the fleet's first vehicle, a Nissan Leaf. Bicycles will also be available for shared use.

Community gardens will produce edible plants to reduce the carbon food footprint. Residents will be encouraged to visit the local farmers market and buy fresh local produce.

Some buyers at Grow are drawn to the project's environmental features and others to its close-knit community plan.

"We love all the energy saving and the opportunity to be in the community with gardening," said Carole Miller, 68, who with her husband Sid, 67, sold their Bainbridge home and will move into a Grow house sometime this summer.

When it comes to green credentials, Grow Community already has made it onto the exclusive list of five projects worldwide to be endorsed by One Planet Living, a British-based global initiative that calls for 10 principles of environmental sustainability that were developed by the World Wide Fund for Nature and sustainable-development group Bioregional. To gain the endorsement, Grow had to create a detailed plan describing its sustainability goals and agree to let One Planet monitor its progress

for eight years.

But for Lyle McRae, the project's community features were the main draw. McRae and his wife, Liz Reese, moved into a former model home Jan. 1 and are the development's first residents.

### Small-town boy

"I'm from a small town outside of Saskatchewan with 1,400 people. Everybody knew everybody," he said.

It's a feature he missed when he grew up and moved to Seattle, where he worked for Microsoft and Expedia before returning to Canada to get his MBA.

He became involved in the environmental movement and lived in a solar community in Canada for a time, but

everyone there drove to Calgary for jobs and entertainment.

"The houses had garages, so you'd drive home, eat, go to bed, and do the same thing tomorrow," he said. "You never had to interact with anybody else."

He used to be an environmental activist and once served as CEO of the Green Party in Alberta, but it became stressful.

"It's like religion; people have a hard time seeing other people's point of view. So I kind of backed off," he said.

"But I like living green. To me, it's the way people should live. Take your dogs for a walk, get to know your neighbors, see them on a nice day and talk. That's what it's all about."

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## Roll call

For Bike to Work Month — and in the run-up to May 17 Bike to Work Day — we asked five local business leaders about their bike commutes.



Ian Blaine

**CEO, THEPLATFORM**

**BIKE:** Bianchi EV3, yellow

**COST:** \$2,500

**BLAINE SAYS:** “I like Third Avenue because it has mostly buses and bicycles on it. Bus drivers are usually alert, and they are relatively predictable.”



Alan Elser

**CFO, GM NAMEPLATE**

**BIKE:** Davidson, Custom Titanium

**COST:** \$7,000

**ELSER SAYS:** “Improve the road conditions for the major bike routes through Seattle and the outlying areas. Create a bike path through all major construction areas that are truly safe (the route through the viaduct project is not designed for safe bike travel). All future road improvements to include bike traffic consideration.”



Josh King

**GENERAL COUNSEL AND VICE PRESIDENT, BUSINESS DEVELOPMENT, AVVO INC.**

See **ROLL CALL** | 35



BUSINESS JOURNAL | Marcus R. Donner

**FLOW:** Alan Elser, CFO of GM Nameplate, bikes along Seattle's busy 15th Avenue West near his office. He's had more scary encounters with wildlife than with cars.

Executives share some bike safety tips, what they ride, and how they're getting their employees to try pedal power, too

# Business cyclists

By TERESA MEEK  
CONTRIBUTING WRITER

At 7:29 a.m., as SUVs and buses jockey for position along Seattle's 15th Avenue West, a bicyclist glides up to the steel-door service entrance of GM Nameplate.

His reflective clothing, atop cleated shoes that clink like a tap dancer's as he crosses the pavement, connotes no particular social status, but this bicyclist happens to be the company's chief financial officer, Alan Elser.

Elser, 49, is among the growing ranks of Seattle executives who choose to go to work on a bike. Enduring the region's months of rain and year-round threat of accidents — such as the truck collision that killed Seattle bike commuter Lance David on May 1, the first day of Bike to Work Month — cycle commuters are rising in numbers and visibility.

Executives interviewed by the Puget Sound Business Journal may spend \$7,000 or more on the two-wheel rigs they ride to work. And once they get to the office, they exhort their employees to join the parade, pumping up their motivation by installing showers, hair dryers and lockers, and handing out clean towels, cash incentives — even free bikes.

Yet these business leaders, so accustomed to wielding power in many arenas, also often express frustration with the biking minority's still-slim imprint on the region's transportation network.

“Seattle has done a lot of its bike infrastructure on the cheap,” said Josh King, general counsel and vice president of legal website Avvo Inc. “It touts the miles of bike paths, but some of them are dangerous and downright unusable.”

Until that landscape changes, bike commuters find their own paths. How do executives make a two-wheeled commute fit into their busy lives? How do they inspire their employees to follow suit? How to stay safe?

To find out, the Business Journal caught up with several business leaders on their way to the office.

## Clearing your head

Forget for a moment the environmental blessings that come with substituting each fuel-burning behemoth for a bike. For people who spend their days doing high-stakes brain work, the physicality of starting and ending those days with a ride — unplugged from the internet and face to the wind — brings blessings of its own.

“Riding in in the morning is a great way to wake up and plan your day. Riding home is a chance to decompress,” said GM Nameplate's Elser.

Elser has 24 miles each way to plan his day and decompress from it during his three-times-a-week rides between his office in Seattle's Interbay district and his home in the May Valley area between Issaquah and Renton.

But even the much-shorter



BUSINESS JOURNAL | Marcus R. Donner

## Ghostly memorial

More than 60 people gather at the end of a memorial bicycle ride from West Seattle to the location on East Marginal Way South in Seattle where cyclist Lance David, 54, was killed in a bike/semi-truck accident on May 1. David was bicycle commuting on East Marginal Way South near South Hanford Street to his job at Expeditors International when the accident occurred. White-painted bikes called “ghost bikes,” like the one hanging from the telephone pole, are often left at the scene of severe bike-vehicle accidents.

daily ride taken by Avvo's King offers such rewards that he doesn't bother owning a car.

“I love my commute and look forward to it each day,” said King, who rides from Seattle's north Capitol Hill to his office in the International District.

Even those who bear the scars of injuries still feel the emotional pull from bike riding.

Nine years ago, Ian Blaine, CEO of Seattle online video publishing company thePlatform, got hit by an SUV that was towing a boat. He broke his leg badly, and didn't commute by bike again for about five years.

But by 2008, he figured he was more in danger of having a heart attack at his desk than getting hit on his bike. Plus, he missed the ride.

“Riding your bike makes you feel like a 12-year-old,” said Blaine, now 43. “It freshens your mind.”

## Riding a thin line

None of the commuters interviewed by the Business Journal has escaped from a lifetime of two-wheeling unscathed.

Seattle Children's Hospital President Lisa Brandenburg, 49, who rides a \$2,000 blue K2 Mod 5.0, got scraped up when she couldn't get her foot out of the pedal.

Pike Place Market PDA Executive Director Ben Franz-Knight, 40, who pedals a \$252 black Wald 139, fractured his shoulder blade while in college.

But Avvo's King, who in dry weather depends on his yellow, \$900 Salsa Casseroll, walked away with just bruises when he slammed into a van that had suddenly pulled out in front of him on Seattle's Pine Street.

“Broke his mirror,” King said, “and left a dent the size of my ass in his door.”





**BEEN THERE:** Ian Blaine, CEO of thePlatform, commutes by bike into his office along Seattle's Third Avenue. During his morning commute, Third Avenue is restricted to buses and bikes — and Blaine says that works out fine because the bus drivers are more aware of bikes on the road than the typical driver of a car. Blaine had a serious bike accident in 2003 and stopped bike commuting for five years. But he convinced himself that he was in more danger of having a heart attack at his desk than getting hit on his bike. He resumed bike commuting in 2008.

Motor vehicles, of course, are not a cyclist's only nemesis. For GM Nameplate's Elser, the adversary has more often been wildlife. Elser has had collisions with a pigeon and a duck (neither bird survived), and he has been on rides with companions who were injured by a puppy and a deer.

All the execs have their own suggestions for dealing with the challenges of city biking. King's is: "You have to ride more aggressively."

A lot of bikers ride close to the curb. But that makes them less visible to drivers and also exposes them to pedestrians, doors of parked cars swinging open and cars cutting in front of them.

"Be prepared to take the lane," King advised. "Ride in the full lane of traffic, just as a car would."

But even while taking up a prominent position on the road, bike commuters survive by assuming they're invisible.

"You're on a very small piece of metal and rubber," said thePlatform's Blaine.

There is, of course, plenty of gear to make cyclists more visible. Those interviewed by the Business Journal favor high-powered flashing front strobe

lights, helmet lights and reflective helmets and jackets.

But no safety gear can substitute for vigilance. Or, as the Pike Place PDA's Franz-Knight put it: "Eyes up."

In addition, biking execs suggest that the area's cities could improve safety by marking intersections more clearly and using physical barriers between bike and traffic lanes.

### Critical mass

But one factor that could improve bike safety the most, experts say, is more bikes.

John Duggan, a Seattle attorney whose practice consists almost entirely of representing victims of bicycle collisions, knows better than most all the bad things that can happen, but still chooses to ride his bike every day from Bellevue to his Pioneer Square office.

"Every mile I spend on the bike," he said, "improves the situation for everybody."

It's one less car spewing pollution and adding to the impact on the roads. But that's not the only reason.

Research shows that cities with large numbers of cyclists, such as Amsterdam and Port-

land, have lower accident rates than those with fewer bikes, Duggan said.

A 2003 Australian public health study said that if the amount of cycling doubles, the risk of a cyclist's having a collision decreases by 34 percent.

"It's critical mass," Duggan said. "There are so many cyclists on the road that drivers have no choice but to pay attention."

In Seattle, too, the number of cyclists has increased considerably faster than the number of accidents has. While the number of bike collisions reported to police each year has stayed fairly flat over the last decade — there were 352 in 2011, compared to 316 in 2002 — the number of bike commuters over that same span of time has soared to 11,986, from 3,543, according to the Seattle Department of Transportation.

If the trend continues, tension between drivers and cyclists will decrease, bicycle advocates hope.

"It's a learning curve, Duggan said, "we go through as a whole culture."

One way for business leaders to hasten the process, of course, is to lead their own employees into the two-wheeling

habit.

Many are already doing so, with encouragement from the Cascade Bicycle Club, which recently started a BizCycle program that rates companies on criteria such as whether they provide covered bike parking and showers, get involved in bike advocacy and give workers financial incentives to bike.

Seattle Children's Hospital tops the club's latest list of bike-friendly workplaces. It offers a \$3.25 daily bonus to employees who bike to work (or use another alternative commuting method), and provides a bicycle to any employee who pledges to use it to commute to work at least twice a week.

Children's also provides showers and bike storage, and every year offers employees a free tune-up, hiring local bike shop employees to service bikes at the hospital.

"We're bike crazy here," said Brandenburg, the hospital president, who bikes to work herself from her home on Capitol Hill. "I believe as health care employees, we want to be healthy ourselves as an example to patients, families, and the community."

### ROLL CALL | From 34

**BIKE:** Yellow Salsa Casseroll fixed-gear

**COST:** \$900

**KING SAYS:** "Seattle has done a lot of its bike infrastructure on the cheap. It touts the miles of bike paths, but some of them are dangerous or downright unusable (like the downhill bike lane of Pine, or the bike lanes on 12th Avenue)."



Lisa Brandenburg

**PRESIDENT, SEATTLE CHILDREN'S HOSPITAL**

**BIKE:** Blue K2 Mod 5.0

**COST:** \$2,000

**BRANDENBURG SAYS:** "Know your route. Learn from others. Often the best bike route is just a block or two off a main arterial, but you wouldn't know it if you don't ask another cyclist."



Ben Franz-Knight

**EXECUTIVE DIRECTOR, PIKE PLACE MARKET PDA**

**BIKE:** 1989 Research Dynamics Coyote, crimson with black Wald 139 front basket and Selle Anatomica saddle

**COST:** \$252.23

**FRANZ-KNIGHT SAYS:** (My favorite wet-weather garment) is "old wool suit slacks cut off just below the knee with nylon lining removed — lightweight, warm and fast drying."