

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-3485/4	Introduction Number AB-0843
Description Energy conservation standards for the construction of certain buildings, energy and environmental design standards for state buildings, structures, and facilities, energy and environmental design standards for school district facilities and other local government buildings, leasing of state buildings, structures, and facilities, standards for the construction and use of graywater systems, granting rule-making authority, and making an appropriation	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate	
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs
Local:	
<input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate	
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.505.(5)(ka), Stats.	
Agency/Prepared By	Authorized Signature
DOA/ Cathleen Connolly (608) 261-2292	Martha Kerner (608) 266-1359
	Date
	3/22/2010

Fiscal Estimate Narratives

DOA 3/22/2010

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Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill (AB) 843 makes significant changes to the energy conservation standards and energy and environmental design standards for buildings owned, built, remodeled or leased by state agencies. This fiscal estimate addresses only the sections that place a requirement on the Department of Administration (DOA) or the Building Commission.

BUILDING PROVISIONS

AB 843 requires DOA and the Building Commission to ensure that the plans and specifications for each major state construction project, which is defined in the bill, meet the requirement under the LEED Green Building Rating System at the silver performance level. DOA also has to verify and certify that all projects conform to standards specified by the Department of Commerce that pertain to energy performance, ventilation components, indoor air quality performance and water usage level.

In addition, AB 843 directs the Building Commission to enforce all the requirements of the bill on all major construction projects that involve structures that are being constructed for the state under a purchase agreement or under a lease agreement with option to purchase.

The bill requires the Building Commission to use funding under the Authorized State Building Program to achieve by January 1, 2015, certification that 15% of the gross square footage of space owned or leased by state agencies is conforming to the LEED energy performance requirements for the operation and maintenance of existing buildings. DOA is directed to promulgate rules that set out a schedule for achieving certification that minimum LEED performance requirements for the operation and maintenance are being met for an increasing percentage of state owned or leased space between the period January 1, 2015 and January 1, 2030.

AB 843 requires DOA to develop a current inventory of the location and gross square footage of the space in all buildings that are owned or leased by or for a state agency. The inventory must include information on whether the building is certified or eligible for certification by the U.S. Green Building Council as conforming at a minimum to LEED performance requirements for the operation and maintenance of existing buildings.

DOA estimates that design and construction costs for major construction projects that are subject to LEED certification will increase to an indeterminate level. Currently, state design and construction policy requires a level of energy and resource conservation similar to that required to meet the LEED silver standard. However, the cost of meeting the LEED silver standard will vary depending on the specific additional work that is required for a particular project to meet the standard. Those costs cannot be determined until the design phase of a project. DOA estimates that the cost of documenting and obtaining LEED certification is \$100,000 to \$250,000 per project depending on the size and complexity of the projects authorized and constructed.

AB 843 requires that DOA appoint, or approve the appointment of, a chief engineer for each major construction project who will certify that the energy performance level of the planned construction is at least 30% better than current standard prescribed by the Department of Commerce and who will certify that the ventilation components for the project are in strict conformity with standard prescribed by the Department of Commerce and no exemptions have been authorized. Currently, DOA's Division of State Facilities hires design and construction firms for state building projects who are responsible for providing necessary engineering expertise. The Division's engineers and architects provide oversight and review at each phase of the project and generally are responsible for many projects at one time. The Division will expand the

scope of the contractual duties of the private design and construction firms to include the proposed statutory changes. This would likely result in greater, although indeterminate, costs for each project. In addition, Division staff will review and verify that the contractor has met the requirements of the bill, which will increase their workload.

LEASING PROVISIONS

AB 843 would impose additional requirements for state property leases. DOA would be required, before entering, extending or renewing any lease for space for a state agency, to require the lessor to disclose the energy usage for the total property and to send that information to the Building Commission. The bill would also require DOA to require that any other state agency that is authorized to enter into a lease for real property obtain the energy usage information and provide that information to the Building Commission. The bill then prohibits the Building Commission from approving any lease that does not conform to LEED silver level standards and that cannot be certified at that level by the U.S. Green Building Council.

Currently, DOA has 550 leases totaling 3.1 square million feet. The Department would need 1.0 FTE to collect the energy information from prospective landlords, prepare it, and submit it to the Building Commission. This individual would also fulfill other reporting requirements for LEED certification data noted above and the reporting requirements to the Governor and Legislature noted below. DOA's engineering staff would certify that the energy use intensity for the total property and the annual energy usage for the total property conform to standards created by the Department of Commerce, reported to the Building Commission before a proposed lease is approved. The cost of salary, fringe, and supplies/services for the additional 1.0 FTE would be as follows:

Program and Planning Analyst (1.0 FTE @ \$22.26/hr @ 2080 hours) = \$46,300
Fringe Benefits @ 39.88% = 18,500
Supplies and Services @ 11,300 per FTE = 11,300

Total = \$76,100

Of the total 550 leases, approximately 75 leases are 10,000 square feet or more, totaling 1.9 million square feet, which would be subject to the requirement that DOA certify for the Building Commission that the building conforms, or will conform, after construction, repair, renewal, renovation or expansion to all the LEED silver certification standards. DOA anticipates that there would be incremental costs to landlords for meeting and maintaining LEED standards when renting existing buildings to the state or building for the state to rent. That incremental cost would be passed on to the state as lessee, but any increase is indeterminate.

Finally, DOA anticipates that some landlords currently renting to a state agency, will not want to, or be able to, meet the new requirements in AB 843 and the state will have to relocate staff when leases are up for renewal. This will result in an indeterminate increase in relocation costs.

FUTURE ENERGY STANDARDS FOR STATE OWNED BUILDINGS

AB 843 also requires DOA to ensure that state buildings, structures and facilities that are constructed by or for the state that fall within the definition of a major construction project exceed specified energy performance standards at increasing levels. As of January 1, 2030 all major construction projects of state buildings and facilities must achieve a zero net energy level of energy performance.

It is difficult to estimate the fiscal impact of the requirement that within 20 years all state owned major construction projects, whether built, remodeled or renewed for a state agency must result in zero net energy buildings. At this time, it is unknown what specific steps will be required to achieve additional energy savings in each building project and what technologies will be available in the future to achieve energy conservation. Given that this will be a change from current state design practices the Department estimates that the cost could be significant, although there is likely to be offsetting energy savings.

Finally, AB 843 requires that DOA report annually to the Governor and Legislature on progress being made to achieve adherence to the requirements for state owned buildings contained in the bill. This provision would be part of the workload of the 1.0 additional FTE identified above.

LOCAL IMPACT

The fiscal impact on local governments is indeterminate. AB 843 requires that local governments meet similar standards to those imposed on DOA and the Building Commission for buildings that are owned or

leased by the local government. DOA does not have information on how many buildings local governments will build, remodel or lease and what condition existing building will be in at the time the bill is implemented.

Long-Range Fiscal Implications

Unknown.

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$64,800		\$
(FTE Position Changes)	(1.0 FTE)		
State Operations - Other Costs	11,300		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$76,100		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS (20.505(5)(ka))	76,100		
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$	
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$76,100	\$	
NET CHANGE IN REVENUE	\$	\$	
Agency/Prepared By			
DOA/ Cathleen Connolly (608) 261-2292		Authorized Signature	
		Martha Kerner (608) 266-1359	
		Date	
		3/22/2010	