



## Fiscal Estimate Narratives

DHS 4/8/2010

LRB Number	<b>09-4460/3</b>	Introduction Number	<b>SB-616</b>	Estimate Type	<b>Original</b>
<b>Description</b> 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.					

### Assumptions Used in Arriving at Fiscal Estimate

SB 616 is a bill which impacts several Department of Administration (DOA), Building Commission and Department of Commerce functions. This fiscal estimate addresses estimated costs for those provisions of the bill that affect the Department of Health Services (DHS).

Construction Projects Requirements, LEED Energy Performance Standards and Certification Requirements, and Recycling Requirements:

This bill directs DOA and the Building Commission to ensure that plans and specifications for each major state construction project conform at a minimum to the requirements under the LEED Green Building Rating System at the silver performance level, as prescribed by the Department of Commerce based upon the standards of the U.S. Green Building Council.

Upon completion of a major state construction project, the bill directs DOA to obtain certification by the U.S. Green Building Council that the project conforms at a minimum to the requirements for certification at the LEED silver level.

The bill directs DOA and the commission to ensure that each project to construct a LEED-certified building, structure, or facility for the state shall conform to specified requirements for recycling of construction waste and demolition materials.

These requirements may affect the cost of construction projects authorized and funded through the Capital Budget process. However, these requirements would not have an impact on current DHS operating costs.

Authorized State Building Commission Program:

The bill also directs the Building Commission to apply all moneys available for its use under the Authorized State Building Program to achieve certification as of January 1, 2015, by the U.S. Green Building Council for not less than 15 percent of the gross square footage of conditioned space owned or leased by state agencies, as determined by DOA, as conforming at a minimum to the LEED energy performance requirements for the operation and maintenance of existing buildings.

The requirement that the Commission apply "all moneys available" to achieve the certification may reduce funding available to DHS for repair or other projects at its facilities.

Lease Requirements:

This bill directs DOA, before entering into any lease, or renewing or extending any lease, for improved real property to be used by a state agency, to require the prospective lessor to disclose the energy use intensity for the total property and the annual energy usage for the total property, calculated in accordance with Energy Star standards, as determined by Commerce, and to verify and forward that information to the Building Commission.

The bill directs DOA to require other state agencies that have authority to enter into leases for improved real property to obtain and forward the same information to the Building Commission before entering into, or renewing or extending, any lease for real property.

The bill then prohibits the Building Commission from approving any lease for improved real property to be

used by this state containing at least 10,000 square feet of conditioned space unless DOA certifies to the commission that the energy use intensity for the total property and the annual energy usage for the total property conform to Energy Star standards at a level sufficient to conform at a minimum to the threshold for compliance with the LEED Green Building Rating System for existing buildings—operation and maintenance performance requirements, as determined by Commerce.

The bill directs the Building Commission to obtain certification by the U.S. Green Building Council that any such property conforms at a minimum to the requirements for certification at the LEED silver level.

The bill directs the Building Commission to require other state agencies that have authority to enter into leases for improved real property, to certify to the commission, before entering into, or renewing or extending, any lease for real property to be used by this state, that the energy use intensity for the total property and the annual energy usage for the total property conform to the same standards.

The bill also requires DOA, with limited exceptions, to ensure that major state buildings, structures, and facilities that are constructed by or for the state conform to specified energy performance standards at increasingly stringent levels by specified dates beginning on the first day of the 7th month beginning after the day the act resulting from the bill becomes law and ending on January 1, 2030, by which date all major state buildings, structures, and facilities that are constructed by or for the state must achieve a zero net energy level of energy performance.

In addition, the bill directs DOA to report annually to the governor and the Building Commission concerning the percentage level of adherence to the requirements imposed upon DOA under the bill that become effective on a date later than the end of the preceding year and the percentage level of adherence to the requirement imposed upon the Building Commission to apply all moneys available to the commission to achieve certification for at least 15 percent of conditioned space in existing owned or leased state buildings, structures, or facilities as conforming at a minimum to the LEED energy performance standards specified in the bill.

The requirement for leased space to be LEED certified may make it more difficult for DHS to find appropriate leased space and may increase costs for that space. However, based on current information, the fiscal impact cannot be determined.

#### Design Standards for State Buildings:

SB 616 requires Commerce to incorporate into the energy conservation code a standard that is based upon a specific standard of the American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE) and eliminates the requirement to use other standards specified under current law. This bill requires Commerce to incorporate a specific ASHRAE standard into rules for ventilation systems in public buildings and places of employment and to update the rules when the standard is revised.

This change would have no fiscal impact on DHS.

#### Political Subdivision Requirements:

This bill also imposes on a political subdivision (any city, village, town, or county) certain requirements for a major construction project. Under the bill, a major construction project means a project for the construction of a public building by or for a political subdivision that will contain at least 10,000 gross square feet of office space, or for the repair, renewal, or renovation of an existing public building that contains such space if the repair, renewal, renovation, or expansion affects more than 50 percent of the existing building, or for the expansion of an existing public building that adds at least 10,000 gross square feet of such space. The requirements imposed on a political subdivision under the bill are based on the requirements that the bill imposes on DOA and the Building Commission for a major state construction project.

The bill requires a political subdivision to ensure that the plans and specifications for each major construction project conform at a minimum to the requirements for certification at the silver performance level under the LEED Green Building Rating System, as prescribed by Commerce and based on the standards of the U.S. Green Building Council, and that the energy performance, use and disposal of construction and demolition materials, ventilation components, indoor air quality performance, and water usage level for each major construction project conform to the standards that apply to a major state construction project of DOA and the Building Commission. Upon completion of a major construction project, the bill requires a political subdivision to obtain certification from the U.S. Green Building Council that the project meets at least the minimum standards for certification at the LEED silver level.

The bill's requirements may increase construction costs for local public health departments and county human services agencies. The impact of these bill requirements, based on current information, cannot be determined at this time.

### **Long-Range Fiscal Implications**

The field of energy conservation will be subject to rapid and unpredictable technological changes in the coming months and years. DHS is unable to make a reliable forecast for long-range fiscal implications based on the information currently available.