

## Department of Planning and Budget 2001 Fiscal Impact Statement

**1. Bill Number** HB1967

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron** Kilgore

**3. Committee** Committee on General Laws

**4. Title** Energy and Operational Efficiency Performance-Based Contracting Act

**5. Summary/Purpose:**

Energy and Operational Efficiency Performance-Based Contracting Act. This bill allows any local governing body, school district or public institution of higher education to enter into energy performance-based contracts to significantly reduce energy and operating costs of a facility. The bill provides a contracting procedure to be followed by these entities in negotiating an energy performance-based contract and requires such contract to contain certain provisions.

**6. No Fiscal Impact of this Substitute Bill.**

**7. Budget amendment necessary:** No.

**8. Fiscal implications:** Currently, it is unclear if the Virginia Public Procurement Act permits the same vendor to perform the analysis and design, as well as manage energy efficient projects. This substitute bill will create a clear provision in law that will allow the same vendor to provide analysis, design, as well as management of the project from start to finish.

One of the elements of performance contracts is the financial incentive to the vendor if savings occur as a result of the efficiency measures recommended. There is no such incentive to the vendor if they don't oversee the project from start to finish. This substitute bill clearly provides such incentive. In general, this substitute bill provides greater opportunity for state agencies to reduce the amount of energy consumed, reduce long term operational costs and produce long term savings.

It can be assumed that the long-term outcomes of such contracts would be savings to the individual state agencies participating in the performance-based contracts. It is important to note that the bill includes a provision that "state aid and other amounts appropriated for distribution to public bodies shall not be reduced as a result of energy and operational savings realized from a guaranteed savings contract or a lease purchase agreement for the purchase and installation of energy conservation and facility technology infrastructure upgrades and modernization."

**9. Specific agency or political subdivisions affected:**

All Public Bodies

**10. Technical amendment necessary:** None

**11. Other comments:** None

**Date:** 01/18/01 /sle

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cc: Secretary of Education  
Secretary of Administration

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