

**Department of Planning and Budget**  
**2006 Fiscal Impact Statement**

1. **Bill Number** HB857

**House of Origin**     Introduced     Substitute     Engrossed

**Second House**     In Committee     Substitute     Enrolled

2. **Patron**        Ebbin

3. **Committee**    General Laws

4. **Title**            Department of General Services; Green Buildings Act.

5. **Summary/Purpose:**

Requires all major facility projects of state agencies and other entities for which the project is funded with state money to be designed, constructed, and certified to meet the United States Green Building Council Leadership in Energy and Environmental Design (LEED) silver standard. The bill defines “major facility project” as a building construction project with more than 5,000 gross square feet of occupied or conditioned space, or a building renovation project when the cost is greater than 50 percent of the assessed value and the project with more than 5,000 gross square feet of occupied or conditioned space. Under the bill, a major facility project may not be required to meet the standard if (i) there is no appropriate LEED silver standard for that type of building or renovation project, (ii) there is no practical way to apply the LEED silver standard to a particular building or renovation project, or (iii) the building or renovation project is an electricity transmitter building, a water pumping station, or a hospital. Establishes requirement for a Green Buildings Advisory Committee.

6. Fiscal impact estimates are indeterminate. See Item 8.

7. **Budget amendment necessary:** See Item 8

8. **Fiscal implications:** Although the concept of LEED construction is an environmentally sound and energy saving concept, the actual application of the standard can be difficult, time consuming, and costly. This proposal applies to state agency projects that have not entered into the design phase by October 1, 2006, and public school district and nongovernmental entity state-funded projects that have not entered into the design phase by January 1, 2007. Assuming there will be a three percent increase in the costs of a construction project to meet the LEEDS standards, the Department of General Services (DGS) estimates that it will cost an additional \$48.5 million in the 2006-2008 biennium to become certified and for additional project design and construction costs. Since many of the projects that will be impacted have been approved and funded, this would result in requests for supplemental funding. The costs of future projects could also be impacted. Conversely, there should be a significant operating savings through implementation of the LEEDS standards but the actual amount cannot be determined.

DGS also estimates that three additional personnel and \$350,000 annually will be needed to implement the LEEDS standards, monitor ongoing operational savings, and deal with design and construction backlogs. Finally, there will be an undetermined increase in procurement costs because many of the LEED materials and products are not the lowest cost products and are not available through multiple vendors to encourage competition in accordance with the Virginia Public Procurement Act.

**9. Specific agency or political subdivisions affected:** All public agencies and nonstate agencies with state-funded capital projects, Department of General Services

**10. Technical amendment necessary:** No

**11. Other comments:** SB 275 is a similar proposal. The Construction and Professional Services Manual currently addresses LEED in Section 901.5 and encourages LEED concepts to be used in the planning, programming, design, construction, operation and maintenance, sustaining, restoration, and modernization of all capital projects to the extent such concepts are feasible and reasonable.

**Date:** 01/27/06 / amk

**Document:** G:\Efis 2006\Hb857.Doc Al Kruschwitz

**cc:** Secretary of Administration