

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: SB447

House of Origin ___ Introduced X Substitute ___ Engrossed
Second House ___ In Committee ___ Substitute ___ Enrolled

2. Patron: Petersen

3. Committee: General Laws and Technology

4. Title: **Department of General Services; capital outlay projects; LEED standards applicable**

5. Summary: This bill requires all state-owned buildings that encompass a total of area of over 10,000 square feet to meet the United States Green Building Council Leadership in Energy and Environment Design (LEED) silver certification standard, unless granted an exemption by the Director of the Department of General Services (DGS). The provisions of the bill do not apply to construction projects of public school districts.

6. Fiscal Impact Estimates: Preliminary. See Item 8.

7. Budget Amendment Necessary: Yes. Item 81, SB 30.

8. Fiscal Implications: DGS indicates that there is a one to three percent increase in costs for design and construction of a LEED Silver certified building. Based on current projects, DGS estimates an impact of approximately \$1 million to \$3 million annually in FY 2009 and FY 2010.

Conversely, operating savings should result from implementation of LEED standards and these savings may potentially offset the increased costs to meet LEED Silver standards. These operating savings would be calculated by life cycle cost analysis of the improvements.

Since this legislation impacts projects that have been approved and funded, this legislation may result in agencies needing to request supplemental funding for projects that have already been authorized. The costs of future projects may also be impacted.

DGS also estimates that two additional general fund positions would be needed to implement the LEED standards. These activities are general fund overhead and should not be charged back to agencies. The first position, at an estimated cost of \$100,000 annually would be the DGS Green Building coordinator and would be hired in the beginning of FY 2009. The DGS Green Building coordinator would develop, implement, and update regulations that would meet LEED certification standards and provide training to architects, engineers, and procurement staff at agencies. Since DGS cannot absorb this cost, a budget amendment is needed. (See Item 7.) The second position would document ongoing operating savings and perform audits to ensure accurate monitoring and compliance. This position would not be needed until FY 2011 when an increase in Green Building projects is expected as a result of

legislation lowering the project size threshold requiring a building to be green to 25,000 feet. The agency estimates this cost to be approximately \$100,000 annually. Some overhead costs are expected as well.

9. Specific Agency or Political Subdivisions Affected: Department of General Services, all agencies with capital projects

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 2/20/2008 dpb

Document: G:\AFG\2008 Session\FIS\SB447H1.Doc AFG