

Department of Planning and Budget

2007 Fiscal Impact Statement

1. Bill Number HB2555

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

2. Patron Ebbin

3. Committee General Laws

4. Title Department of General Services (DGS); Green Buildings Act

5. Summary/Purpose: This bill requires all major facility projects of state agencies to be constructed to meet United States Green Building Council Leadership in Energy and Environment Design (LEED) Silver certification standards, unless granted an exemption by the Director of the Department of General Services. Such projects will not be required to obtain official LEED certification. Application of the requirement will be phased in over the next three years based on the square footage of the project. DGS would be required to provide an annual report of projects granted exemptions. The provisions of the bill do not apply to construction projects of public school districts. The requirement will be phased in over the next three years.

6. Fiscal Impact Estimates are: See Item 8.

7. Budget amendment necessary: Yes

8. Fiscal implications: There is a one to three percent increase in costs for design and construction of a LEED Silver certified building. DGS estimates an approximate \$100 million in construction in FY 2008; \$300 million in FY 2009 and FY 2010; and \$500 million in FY 2011 and beyond that would be impacted by this legislation. Using these assumptions, project costs could increase by \$1-\$3 million in FY 2007-FY 2008, \$3-\$9 million in FY 2008-FY 2010, and \$5-\$15 million thereafter.

Some of these additional construction costs may be offset from operating savings through the implementation of the LEED standards. These operating savings would be calculated by life cycle cost analysis of the improvements.

DGS estimates that two general funded full-time employment positions will be needed to fully implement the requirements of this legislation. These positions would be phased in over time as projects impacted by the legislation increase. The first position would be hired beginning in FY 2008 at a cost (salary and benefits) of approximately \$100,000. This position would be the DGS LEED coordinator to develop, implement, and update regulations that address LEED Silver certification standards/requirements and to provide training to architects, engineers, and procurement staff at agencies. DGS may also need a second position, depending on workload, at a cost (salary and benefits) of approximately \$100,000, which would document ongoing operating savings and perform audits to ensure accurate

monitoring and compliance. The second position would not be needed until FY 2010 when an increase in LEED projects is expected as a result of the legislation, lowering project size threshold required to be LEED Silver certified to 25,000 square feet.

9. Specific agency or political subdivisions affected: Department of General Services, all agencies constructing facilities on state-owned land

10. Technical amendment necessary: No

11. Other comments: This bill differs from HB 2656 in that it gives the Director of the Department of General Services (DGS) the authority to exempt projects from the LEED certification requirements. This bill will enable the DGS Director, working in collaboration with other agencies, to establish economic and performance based criteria to be used for making LEED Silver certification decisions. Where HB 2656 authorizes appeal authority to the DGS Director, it does so only if project increases in cost by 15 percent for LEED Silver certification. Since LEED Silver certification cost increase is in the range of one percent to three percent, there is likelihood that all projects would be below the 15 percent threshold and therefore, required to be designed and constructed to meet LEED certification without the ability to appeal.

This bill differs from SB 1273 in that it requires that all state-owned buildings be designed and constructed to meet the LEED Silver standard. SB 1273 required LEED certification. Building to LEED Silver certification standard is more expensive to achieve than building to LEED certification.

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cc: Secretary of Administration