

Commission on Local Government

Estimate of Local Fiscal Impact

2022 General Assembly Session

Bill: SB 290

Special Session:

Patron: Favola

Date: 1/24/2022

In accordance with the provisions of §30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of the above-referenced legislation:

Bill Summary:

Solar-ready roof requirements for state agencies and localities; energy-positive building design for schools. Requires any executive branch agency or institution and any locality entering the design phase for the construction of a new building greater than 5,000 gross square feet in size, or the renovation of a building where the cost of the renovation exceeds 50 percent of the value of the building, to ensure that such building includes a solar-ready roof, defined in the bill as having the structural capability to accept the increased load from solar panels, proper sizing of the electrical panel, installation of conduit and wire from the roof to the electrical panel, use of solar-appropriate roof membranes and other roofing materials, and clustering of vents and non-solar equipment to maximize available space for solar panels. However, the provisions of the bill do not apply to localities with a population of less than 100,000 until July 1, 2023. The bill also requires new public school buildings and facilities, and improvements and renovations to existing public school buildings and facilities where the cost of the renovation exceeds 50 percent of the value of the building to be designed, constructed, maintained, and operated to generate more electricity than consumed.

Executive Summary:

Localities have evaluated a negative fiscal impact ranging from \$0 - \$3.0 million.

Many localities reported a negative fiscal impact, stemming from the increases in construction and infrastructure costs. Localities noted the two sources of fiscal impact. First, the bill requires that new buildings greater than 5,000 sqft, and existing buildings undergoing renovations costing more than 50% of the building's value be designed for solar ready roofs. However, most localities noted that this would represent a small portion of the bill's negative fiscal impact; one locality noted that new construction would accommodate solar ready roofs.

However, localities anticipated a more severe negative fiscal impact from the second requirement; that new construction and renovations to existing facilities/schools costing over 50% value of the building to exist as carbon negative. The costs here would stem items that would increase initial construction costs, as well as increase ongoing operational expenses. Localities noted the negative fiscal impact would likely increase over time.

Some localities reported that the bill would produce no fiscal impact, as their localities did not meet the requirements of the bill, or were already incorporating these items in their new construction plans.

Local Analysis:

Locality: Amherst

Estimated Fiscal Impact: \$0.00

exempt

Locality: City of Manassas

Estimated Fiscal Impact: \$2,500,000.00

The fiscal impact of this bill is two-fold. Ensuring that buildings have solar-ready roofs might add \$25,000 to \$50,000 of costs for buildings being renovated that don't currently have a solar ready roof. Most new construction will be able to accommodate solar-ready roofs with minimal cost impact if any. The much larger and more significant fiscal impact is the requirement that new school buildings be "designed, constructed, maintained, and operated" to generate more electricity than consumed. It is very difficult to estimate this impact, especially the ongoing maintenance and operational requirements. Although Manassas is not currently building a school facility, we are currently constructing other public buildings and our design team estimates that such a requirement will add millions to the cost of a new school facility. The bill requires school facilities to be a net-zero consumer of electricity. This is simply more than just having solar panels on the roof. This includes items such as geothermal heating, ultra high efficient mechanical units, and other devices that both increase the initial construction cost as well as have long-term, recurring operational expenses. Our design team indicated a multi-million dollar cost increase on new construction of school facilities in order to meet this requirement.

Locality: City of Roanoke

Estimated Fiscal Impact: \$500,000.00

There are three schools that anticipate renovations that would qualify for needing the enhancements. Based on cost proposals the total added cost would be approximately \$500,000.

Locality: City of Winchester

Estimated Fiscal Impact: \$3,000,000.00

This would have the potential to be a major expense for us in the future that over time could be in the millions of dollars. It would be very difficult to retrofit buildings like our City Hall or Handley Library for solar panels (they are very old buildings).

Locality: County of Mecklenburg

Estimated Fiscal Impact: \$0.00

Given the few constructions of new public facilities of sufficient size to be covered by this section of the Code in Mecklenburg County, and the delayed enactment date of July 1, 2023, the fiscal impact of this bill in normal years will be zero. The current school being constructed in the County is built under the present standards of the Virginia Uniform Statewide Building Code, which incorporates prior ASHRAE standards. By the time Mecklenburg will build a new school, which is one of the only public facilities in the County greater than 5,000 square feet, it will likely be covered by future VUSBC code, which may incorporate industry standards more up to date than the referenced guide. Furthermore, if the cost of a solar ready roof is too great, than the County could have the option of using Energy Star standards. The county does not have enough commercial buildings with solar roofs to be able to estimate a cost for a like sized public facility; however, it is recommended that the cost of school solar conversions in counties such as Augusta be used to determine the cost impact.

Locality: Town of Blacksburg

Estimated Fiscal Impact: \$0.00

Town is currently incorporating this in existing building construction.

Locality: Town of Leesburg

Estimated Fiscal Impact: \$2,700,000.00

We have two large building projects, the Town Shop and the PD Expansion. If we added all 4 areas mentioned in the legislation: LEED certification; EV Charging stations; tracking energy efficiencies; and solar roof preparation, we think cost \$2.7 million.

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**Locality:** Town of Marion.

**Estimated Fiscal Impact:** \$500,000.00

Costly upgrades to municipal facilities

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Locality: Town of Scottsville

Estimated Fiscal Impact: \$0.00

no fiscal impact

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**Locality:** Town of Victoria

**Estimated Fiscal Impact:** \$250,000.00

The true fiscal impact of this bill will be determined by each individual project. To require a locality to expend the extra funds for structural and infrastructure enhancements will add unnecessary costs to buildings for equipment and structural components that may never be needed. Small municipalities struggle to procure or construct new facilities and adding these costs will further hamper those activities.

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