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DATE PREPARED: January 25, 2012
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LB 885

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS	See below	See below	See below	See below
TOTAL FUNDS	See below	See below	See below	See below

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB885 would amend Sec. 81-1108.15 which enumerates various powers and duties of the State Building Division (SBD) of the Department of Administrative Services. The bill would direct that SBD is to ensure that all state-owned, state occupied, and vacant facilities receive an energy performance rating from the United States Environmental Protection Agency or an equivalent rating from a similar nationally recognized energy usage rating system. The bill further provides that such energy performance ratings are to be based on the results of the Commercial Building Energy Consumption Survey conducted by the United States Department of Energy's Energy Information Administration.

For purposes of estimating the fiscal impact of the bill as it relates to the Department of Administrative Services, the agency assumes the provisions of LB885 would apply only to buildings "owned and managed" by State Building Division. Notably, this excludes facilities of the University of Nebraska, Nebraska State College System, Department of Aeronautics, Department of Roads, Board of Educational Lands and Funds, Department of Correctional Services, and Game and Parks Commission. Given the provisions of LB885, the assumed exclusion of these facilities appears appropriate. Also excluded for purposes of the agency's estimate of the impact of the bill are facilities not owned by the state, but for which SBD serves as central lessee for space occupied by state agencies.

Given the assumptions noted above, SBD estimates provisions of the bill to be applicable to approximately 276 buildings. Of these, SBD indicates approximately 49 buildings have individual utility meters while approximately 227 buildings (primarily on campuses of the Department of Health and Human Services) do not have individual utility meters. SBD's interpretation of the LB885 requirement for energy performance ratings and comparison of data from the most recent Commercial Building Energy Consumption Survey will necessitate utility metering by individual building in order to derive energy performance ratings to comply with annual reporting requirements as provided by the bill.

Based on experience of recent construction projects, SBD estimates costs to add complete utility metering for currently unmetered buildings at \$11,000 per building. Applying this estimate to 227 buildings currently without individual metering yields an estimated one-time cost of \$2,497,000 for related metering installation. It should be noted that a substantial proportion of the estimated per building expense relates to steam metering for the substantial proportion the 227 buildings served by central steam heating plants. To the extent the 227 buildings include a relatively limited number of buildings for which steam metering may not be required, the per building metering cost estimate may be somewhat overstated. LB885 includes no phase-in period for compliance with its provisions. As such, SBD assumes to incur the estimated \$2,497,000 cost of metering installation over two fiscal years (\$1,248,000 for each of 2012-13 and 2013-14).

SBD assumes that an energy rating instrument (Portfolio Manager) jointly sponsored by the United States Environmental Protection Agency and United States Department of Energy could be employed to comply with provisions of LB885. The division indicates it currently uses this instrument to track utilities consumption for 49 buildings "owned and managed" by SBD that are individually metered. Based on an estimated 30 hours per month of current staff time to utilize this energy rating instrument for 49 buildings, SBD estimates that utilizing the rating instrument for an additional 227 buildings would require approximately an additional 140 hours per month of staff time to enter and administer related data and reporting. SBD indicates that additional staff time would also be required to coordinate data collection as well as to create and compile annual reports to the Governor and Legislature as required by LB885. In total, SBD estimates that additional staff time requirements associated with LB885 would necessitate 1.0 FTE additional SBD staffing with related personnel costs and limited non-personnel costs estimated at \$66,550 for 2012-13 and 65,304 for 2013-14. Given assumptions applied in estimating staffing requirements, the related cost estimates appear reasonable. Costs incurred by SBD are recovered through rental rates assessed by SBD to state agency occupants of SBD "owned and managed" facilities.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Gary Bush	DATE 1/18/12	PHONE 471-2526
COMMENTS			
ADMINISTRATIVE SERVICES – STATE BUILDING DIVISION: Agency's estimate of impact appears to be reasonable.			

2012 Legislative Bill Proposal Fiscal Note

Bill #: 885

State Agency: Administrative Services – State Building Division

Prepared by: Dennis Summers

Date Prepared: 1/9/2012

Phone: 402-471-8351

Approved by:

Estimate of Fiscal Impact – State Agencies

	FY 2012-13		FY 2013-14	
	Expenditures	Revenue	Expenditures	Revenue
General Funds	1,248,500		1,248,500	
Cash Funds				
Federal Funds				
Other Funds	66,550	66,550	65,203	65,203
Total Funds	1,315,050	66,550	1,313,703	65,203

Explanation of Estimate: For purposes of this estimate, it is assumed that the requirements of LB885 would apply only to buildings currently owned and managed by the State Building Division (SBD). This amounts to approximately 276 buildings. Of that number, only approximately 49 buildings have individual utility meters, leaving 227 buildings, mostly on DHHS campuses, which are not individually metered. As we understand the requirement for an energy performance rating and the comparison to the data from the most recent Commercial Building Energy Consumption Survey (CBECS), the energy rating needs to be by individual building since that is how the CBECS is structured.

Also, it is assumed that the rating instrument that is referred to in the bill is Portfolio Manager which is jointly sponsored by the US Environmental Protection Agency and the US Department of Energy. The SBD currently uses Portfolio Manager to track energy consumption for the 49 buildings that are individually metered. We estimate, based upon our experience, that approximately 30 hours per month are required to utilize Portfolio Manager for the currently metered buildings.

Based upon our recent construction experience, we estimate that the cost to add complete utility metering at the 227 unmetered buildings will be \$11,000 per building for a total of \$2,497,000. The estimated cost of the project requires the construction funding request in the table above. The total project costs were divided over the two fiscal years.

This project cost does not include the time of our project management staff that will be required to administer the metering projects. In addition, based upon our current experience, we estimate that it will require approximately 140 hours of additional staff time per month to enter and administer the data and reporting in Portfolio Manager. Additional staff time will also be required to create the annual report which compares each state building to the current CBECS data. In addition to the data entry and reporting time, considerable effort will be required by our current SBD Energy Manager to coordinate the data collection program and design the annual report to the Governor and Legislature.

This fiscal note includes a request for one additional FTE to provide support and to assist with the additional data entry. Estimated costs for the additional FTE are \$66,550 in FY2012-13 and \$65,203 in FY2013-14. These costs include salary and benefits (health insurance is budgeted using the State's current share of the highest cost family plan), ongoing annual operating costs (communication/data processing, printing/publication, supplies and rent/depreciation surcharge). There would also be a onetime cost in FY2012-13 for the purchase of new equipment and set up costs of \$2,500 for the new employee.

These increased program costs would result in the need for additional appropriation. The increased costs could also result in the need to increase rental rates in order to cover the additional costs. The table below summarizes the impact by fund type of an increase to rental rates. The allocation by fund type is based on total FY2010-11 operating expenditures.

	FY2012-13	FY2013-14
	Expenditures	Expenditures
General Funds	24,623	24,125
Cash Funds	19,965	19,561
Federal Funds	15,307	14,997
Revolving	6,655	6,520
Total Funds	66,550	65,203

Our research indicates that the CBECS data project is designed to be updated once every four years, but because of data reliability problems and lack of funding, the last widely utilized CBECS data is from 2003. The next update is scheduled to be completed in 2013.

Major Objects of Expenditure

Personal Services:

Position Title:	Number of Positions			2012-13	2013-14
	12-13	13-14		Expenditures	Expenditures
Staff Assistant II	1	1		33,186	33,850
Benefits				26,489	26,978
Operating				4,375	4,375
Travel					
Capital Outlay				2,500	0
Aid					
Capital Improvements					
TOTAL	1	1		66,550	65,203