SB08-147

Colorado Legislative Council Staff Fiscal Note

LOCAL FISCAL IMPACT

Drafting Number: LLS 08-0783
Prime Sponsor(s): Sen. Gordon

Date: February 20, 2008
Bill Status: Senate Local Government
Fiscal Analyst: Marc Carey (303-866-4102)

TITLE: CONCERNING INCREASED ENERGY EFFICIENCY IN STATE-ASSISTED FACILITIES.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue	$0	$0
State Expenditures	$0	$0
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: 90 days after adjournment by the General Assembly, unless a referendum petition is filed (August 6, 2008, if adjournment is May 7, 2008).		
Appropriation Summary for FY 2008-2009: None required.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

This bill repeals statutory exemptions from existing energy efficiency requirements for state-assisted facilities for low-income housing projects and facilities constructed with severance tax revenue. The bill also authorizes the Department of Personnel and Administration to rely on any national or locally appropriate fuel escalating methodology approved by the department in performing life-cycle cost analyses.

Background

State assisted facilities are defined as facilities that are: (1) larger than 5,000 square feet, (2) renovated, designed, or constructed using state funds to cover at least 25 percent of the project cost, (3) include heating, ventilation, and air conditioning systems, and (4) have not entered a design phase prior to January 1, 2008. Under current law, state agencies are required to ensure that life-cycle cost analyses and energy conservation practices are employed in the design and construction of new or renovated major state-assisted facilities.

In addition, agencies are required to achieve the highest performance certification, which is attainable if the increased initial costs of renovation, design, or new construction can be recouped from deceased operating costs (e.g., energy, water consumption) within 15 years. Current law exempts the following facilities from these requirements:

- capital construction projects for higher education greater than $1,000,000;
- facilities financed by the Colorado Housing and Finance Authority or the Division of Housing in the Department of Local Affairs; and
- facilities funded by the direct distribution of severance tax revenue.

State Expenditures

Department of Local Affairs. The department will be required to ensure that facilities constructed with either low income housing grant monies or severance tax direct distribution funds now meet the life-cycle cost analysis and high performance certification criteria currently in place for other state-assisted facilities. On October 3, 2007, the Division of Housing adopted an energy efficiency standard for affordable housing projects that it funds. According to the division, no significant difference exists between the energy efficiency requirements contained in the policy and those contained in this bill. Thus, while adoption of the policy has resulted in an increase in administrative costs, adoption of the bill will not further add to those costs.

No additional workload is anticipated regarding compliance for the construction or renovation of facilities funded with the direct distribution of severance tax moneys.

Local Government Impact

While this bill will likely affect the initial cost of facilities financed through either a low-income housing grant program or with severance tax moneys, the net impact is unknown. High performance building standards typically increase initial construction costs up to 20 percent in the short term. Thus initially, fewer facilities will be built for a given amount of funding. In the medium term, the 15-year payback requirement would result in no net impact. Beyond the payback period, continued savings on utilities and water consumption will result in net savings for these projects. Other factors that may influence building costs and high performance standards include:

- Projects may lack elements relevant to high performance standards (e.g., roof replacement, site renovation). Different sites may require markedly different approaches to high performance standards, such as orientation and rural-vs-urban settings. Climate will also influence the degree of energy savings.
- The costs of pursuing high performance standards varies based on region specific and project specific issues such as the availability of local materials and the availability of recycled construction materials.
- Local and regional design standards, building codes, and incentives may influence the application of high performance standards.

Departments Contacted

Local Affairs Natural Resources Personnel and Administration