



*Colorado Legislative Council Staff Fiscal Note*  
**STATE and LOCAL  
 FISCAL IMPACT**

**Drafting Number:** LLS 11-0389  
**Prime Sponsor(s):** Rep. Kerr A.  
 Sen. Johnston

**Date:** February 22, 2011  
**Bill Status:** House SVMA  
**Fiscal Analyst:** Jonathan Senft (303-866-3523)

**TITLE:** CONCERNING A REQUIREMENT THAT PUBLIC SCHOOL STRUCTURES SATISFY MINIMUM ENERGY-EFFICIENT DESIGN STANDARDS.

<b>Fiscal Impact Summary</b>	<b>FY 2011-2012</b>	<b>FY 2012-2013</b>
<b>State Revenue</b>		
<b>State Expenditures</b> General Fund	up to \$47,432	up to \$94,863
<b>FTE Position Change</b>	0.2 FTE	0.2 FTE
<b>Effective Date:</b> August 10, 2011, if the General Assembly adjourns on May 11, 2011, as scheduled, and no referendum petition is filed.		
<b>Appropriation Summary for FY 2011-2012:</b> See State Appropriation section.		
<b>School District Impact:</b> See School District Impact section.		

**Summary of Legislation**

Starting January 1, 2012, this bill requires school districts or charter schools undergoing new school construction, or major improvements to schools, to satisfy one of three options. These options are:

- Qualify for the federal Energy Star label and acquiring such rating, following an energy efficiency audit;
- Engage the Governor's Energy Office (GEO) concerning best building practices; or
- Employ a design and construction team that has energy-efficiency expertise, who may be a representative from the local utility.

Energy Star is a program of the United States Environmental Protection Agency and the United States Department of Energy to reduce energy consumption by using certain products and practices.

**State Expenditures**

**In FY 2011-12, this bill may have costs of up to \$47,432 and 0.2 FTE, General Fund, in the Governor's Office. In FY 2012-13, costs may be up to \$94,863 and 0.2 FTE, General Fund in the Governor's Office.** This bill will have a different fiscal impact depending on which option is selected for each construction project. Obtaining the Energy Star label or using energy-efficient construction places most costs on the school district, and are indicated in the School District Impact section below.

The option using Governor's Energy Office (GEO) requires staff to provide advice on best building practices. These activities will be handled by one in-house consultant from GEO, who will provide management, and by two independent consulting firms. An average of 32 schools per year may be inspected and costs are based on previous K-12 projects of similar nature. The managing consultant from GEO is expected to cost \$18,975 and 0.2 FTE per year. In addition, based on previous projects, independent consultants hired by GEO are expected to cost \$75,888 per year. These costs are halved in the first calendar year of this program to reflect the remainder of the fiscal year. It is unlikely that all 32 schools will choose the GEO option, and costs could be much less.

In all options, costs may also be assigned to Colorado Department of Education (CDE) staff, who will inspect new projects for compliance with a number of state requirements for schools. These costs however, are not possible to determine, as there is some lack of clarity in the bill as to the precise responsibilities. In particular, CDE staff may be able to add energy efficiency inspection duties to the list of other duties ensuring compliance with state requirements.

**Expenditures Not Included**

Certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill. The costs subject to this policy are summarized in Table 1.

<b>Table 1. Expenditures Not Included Under HB-1204*</b>		
<b>Cost Components</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$1,420	\$1,420
Supplemental Employee Retirement Payments	807	807
<b>TOTAL</b>	<b>\$2,227</b>	<b>\$2,227</b>

*\*More information is available at: <http://colorado.gov/fiscalnotes>*

### **School District Impact**

School districts may employ the services of a qualified energy efficiency auditor. The cost for an audit for facilities less than 25,000 square feet is \$200 and for facilities larger than 25,000 square feet the cost is \$300. These audits are conducted through Excel Energy by an independent contractor. Further, this fiscal note assumes that Energy Star products and practices will have a higher up front expenditures, however this increase depends on the projects' design and concept.

School districts may also reduce energy costs in the long run. Recent case studies involving K-12 schools in Colorado, including one performed by the GEO, demonstrate cost savings through Energy Star compliance. This fiscal note does not assume this savings to be a given, but there is a potential reduction in long-term expenditures for school districts. It should be noted, however, that Energy Star ratings cannot be obtained until 11 months after energy data can be acquired. Therefore any savings can not be quantified until FY 2012-13.

### **State Appropriations**

For FY 2011-12, this bill requires an appropriation of \$47,432 and 0.2 FTE, General Fund, to the Governor's Energy Office.

### **Departments Contacted**

Education      Governor's Office