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## FISCAL IMPACT REPORT

**SPONSOR** HEC **ORIGINAL DATE** 02/03/10  
**LAST UPDATED** 02/13/10 **HB** \_\_\_\_\_

**SHORT TITLE** New School Sustainability Features **SB** 84/HECS

**ANALYST** Wilson

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>	\$10.0	\$5.0	\$5.0	\$20.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance & Administration (DFA)

Public Education Department (PED)

Public School Facilities Authority (PSFA)

### SUMMARY

#### Synopsis of Bill

The House Education Committee substitute for Senate Bill 84 enacts a new section of the Public School Capital Outlay Act (PSCOA) to provide for a "one percent for the Twenty-First Century Program" under which schools will be equipped with sustainability features.

The Public School Capital Outlay Council (PSCOC) shall develop and implement a "one percent for the twenty-first century program", under which each capital outlay project for a school that receives grant assistance pursuant to the PSCOA shall include an allocation for sustainability features, including, but not limited to, solar panels, solar hot water heaters, passive solar heating, rain catchment barrels, recycling receptacles and other equipment approved by the public school facilities authority.

The amount allocated for sustainability features shall equal the lesser of:

- (1) one percent of the total project cost; or
- (2) \$200,000.

The PSCOC may decrease the amount set if it determines that the lesser of the estimated costs

above will exceed the estimated life-cycle savings of the building, addition or renovation.

The council shall promulgate rules to determine if the cost of compliance with the requirements of this section would exceed the estimated life-cycle savings of the building, addition or renovation and such other rules as necessary to carry out the provisions of this section.

The one percent for the Twenty-First Century Program is terminated on July 1, 2021, pursuant to the provisions of the Sunset Act. The program shall continue to operate according to the provisions of the PSCOA until July 1, 2022. Effective July 1, 2022, the provisions of this bill are repealed.

The effective date of the provisions of this act is July 1, 2010.

### **FISCAL IMPLICATIONS**

PSFA states that the costs of this bill are minimal. The PSCOA already encourages and provides for construction materials, methods and design concepts that reduce the long-term operating costs of school facilities.

The estimated additional operating budget impact is based on a quarter FTE earning \$40,000 or a \$10,000 cost the first year and an eighth FTE or a \$5,000 cost for subsequent years for educational assistance to building owners and design teams

### **SIGNIFICANT ISSUES**

The PSFA currently requires life cycle cost analysis for major building systems in new or major renovations of schools. This process takes into consideration the components that will support the overall operational expenses of building lifecycles while maintaining sustainability for the new building's selected features.

Some sustainable features that may relate to a new building may not necessarily be part of the building construction or capital equipment costs, but rather are operational in nature and which could not be purchased with Public School Capital Outlay Council (PSCOC) funds.

The short title of this bill refers to new schools, but the substitute bill applies to all schools with building projects.

### **ADMINISTRATIVE IMPLICATIONS**

There is a potential for a slight increase in administrative resource requirements in implementation and monitoring the program requirements as well as dedicating administrative resources for educational assistance to building owners and design teams.

### **OTHER SUBSTANTIVE ISSUES**

SB 84 supports a recent trend in construction known as “green building.” Green Building, also known as green construction or sustainable building, is the practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building's life-cycle: from siting to design, construction, operation, maintenance, renovation, and

de-construction. This practice expands and complements the classical building design concerns of economy, utility, durability, and comfort.

Although new technologies are constantly being developed to complement current practices in creating greener structures, the common objective is that green buildings are designed to reduce the overall impact of the built environment on human health and the natural environment.

According to the US Environmental Protection Agency the built environment has a vast impact on the natural environment, human health, and the economy. By adopting green building strategies, we can maximize both economic and environmental performance. Green construction methods can be integrated into buildings at any stage, from design and construction, to renovation and deconstruction. However, the most significant benefits can be obtained if the design and construction team takes an integrated approach from the earliest stages of a building project.

DFA notes that as New Mexico positions itself to be a national leader in “green energy,” it makes practical political sense to provide a statutory framework that will help achieve these ends. In addition, passage of SB 84 supports executive and legislative goals to make government more efficient. Since energy cost saving and waste reductions can contribute to this goal, enactment of SB 84 can be seen as an integral step in developing a workable policy framework that supports this effort.

DW/svb:mew