

HF749 - 3A - State Building Energy Guidelines; Resiliency

Chief Author: **Liz Reyer**
 Committee: **State And Local Government Finance And Policy**
 Date Completed: **4/10/2023 10:38:23 AM**
 Lead Agency: **Administration Dept**
 Other Agencies:
 Commerce Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Administration Dept						
General Fund	-	1,475	1,157	967	967	
Commerce Dept						
General Fund	-	37	37	37	37	37
State Total						
General Fund	-	1,512	1,194	1,004	1,004	1,004
	Total	-	1,512	1,194	1,004	1,004
	Biennial Total		2,706		2,008	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Administration Dept					
General Fund	-	2	2	2	2
Commerce Dept					
General Fund	-	.25	.25	.25	.25
	Total	-	2.25	2.25	2.25

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Susan Nelson **Date:** 4/10/2023 10:38:23 AM
Phone: 651-296-6054 **Email:** susan.nelson@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Administration Dept						
General Fund	-	1,475	1,157	967	967	
Commerce Dept						
General Fund	-	37	37	37	37	
Total		-	1,512	1,194	1,004	1,004
Biennial Total				2,706		2,008
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Administration Dept						
General Fund	-	1,475	1,157	967	967	
Commerce Dept						
General Fund	-	37	37	37	37	
Total		-	1,512	1,194	1,004	1,004
Biennial Total				2,706		2,008
2 - Revenues, Transfers In*						
Administration Dept						
General Fund	-	-	-	-	-	-
Commerce Dept						
General Fund	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

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 Agency: **Administration Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	1,475	1,157	967	967	
Total	-	1,475	1,157	967	967	
Biennial Total			2,632			1,934

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	2	2	2	2
Total	-	2	2	2	2

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jim Carlson **Date:** 4/1/2023 1:16:00 PM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.mn.gov

State Cost (Savings) Calculation Details

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*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	1,475	1,157	967	967	
Total		-	1,475	1,157	967	967
Biennial Total			2,632		1,934	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	1,475	1,157	967	967	
Total		-	1,475	1,157	967	967
Biennial Total			2,632		1,934	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total		-	-	-	-	-
Biennial Total			-		-	

Bill Description

This bill amends M.S.16B.325, Subd. 1a to remove existing primary objectives.

Adds definitions to M.S.16B.325, Subd.1a

Adds new primary objectives for the guidelines to M.S.16B.325, Subd.2a

Amends M.S.16B.325, Subd. 3 to revise the applicability of the guidelines, including general fund projects

Adds annual review of the guidelines under M.S.16B.325, Subd. 4a

Adds guideline administration and oversight under M.S. 16B.325, Subd. 5

Adds requirement to develop measurable goals for the guidelines under M.S.16B.325, Subd. 6

Adds requirement to develop procedures for administration of the guidelines under M.S.16B.325, Subd. 7

Adds requirement to develop guidelines waiver process under M.S. 16B.325, Subd. 8

Adds requirement for reporting to the legislature by Feb. 1 of each year.

Assumptions

The Department of Admin assumes that this bill implements the use of B3 guidelines. SB2030 guidelines are a B3 requirement.

This bill also expands the scope of the B3 program.

The Department of Administration will continue to contract with the University of Minnesota, Center for Sustainable Building Research (CSBR), to administer the guidelines, including additional duties contained in HF749. CSBR will be in either the lead or in support role for the additional responsibilities under HF749

Adding general fund projects to the applicability criteria will increase the number of projects requiring CSBR review / technical support.

The additional funding needed to support SB2030 would be appropriated to Commerce.

Admin would hire two FTE to oversee the consultant, coordinate with stakeholders and complete other required activities and reporting.

Commerce would need .25 FTE for a program manager to provide oversight, reporting, and technical assistance.

The definition of major renovations does not include asset preservation funded projects.

Expenditure and/or Revenue Formula

After inquiry with the UofM, Center for Sustainable Building Research about the scope of the project and requirements for building resiliency, the estimated amount of the contract for that work is \$690,000.

The additional funding needed for CSBR's additional duties noted above to support B3 is \$350,000 per year in FY24-FY27.

The additional funding needed for CSBR's additional duties noted above to support SB2030 is \$350,000 per year in FY24-FY27.

1 FTE State Program Adm Manager Principal and 1 FTE Management Analyst 4 - Estimated salary, fringe and non-salary costs - \$275,000 in FY 24, \$267,000 ongoing

Long-Term Fiscal Considerations

Identifying applicable projects within a bonding bill and making those responsible for delivering applicable projects aware of B3 requirements in a timely manner will continue to be a challenge.

Local Fiscal Impact

Local projects receiving bond or general fund appropriations may be impacted

References/Sources

Agency Contact: Wayne Waslaski ph. 651-201-2548

Agency Fiscal Note Coordinator Signature: Ify Onyiah

Phone: 651-201-2387

Date: 3/30/2023 3:55:38 PM

Email: ify.onyiah@state.mn.us

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Chief Author: **Liz Reyer**
 Committee: **State And Local Government Finance And Policy**
 Date Completed: **4/10/2023 10:38:23 AM**
 Agency: **Commerce Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	37	37	37	37	37
Total	-	37	37	37	37	37
Biennial Total			74			74

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	.25	.25	.25	.25
Total	-	.25	.25	.25	.25

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 4/6/2023 9:55:50 AM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	37	37	37	37	37
Total	-	37	37	37	37	37
	Biennial Total		74			74
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	37	37	37	37	37
Total	-	37	37	37	37	37
	Biennial Total		74			74
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
	Biennial Total		-			-

Bill Description

HF749-3A proposes to amend several provisions affecting state building performance standards. As follows:

Section 1

- Subdivision 1 removes certain criteria for sustainable buildings guideline applicability.
- Subdivision 1a modifies definitions.
- Subdivision 2 eliminations lowest cost and conservation language.
- Subdivision 2a creates new guidelines and purpose for applicability of state building guidelines.
- Subdivision 3 establishes new and modified requirements for applicability of guidelines, including expansion of the guidelines to facilities receiving general funds.
- Subdivision 4 eliminates requirements for Departments of Admin and Commerce to review and revise guidelines periodically.
- Subdivision 4a establishes new requirements for the Departments of Admin and Commerce to review and revise guidelines annually.
- Subdivision 5 establishes guideline oversight with the Department of Admin and contracting requirements with CSBR.
- Subdivision 6 requires CSBR, in collaboration with the Departments of Admin and Commerce to establish measurable goals for the guidelines and the facilities they are applied to.
- Subdivision 7 establishes procedures for the Department of Admin to follow in administration of the guidelines.
- Subdivision 8 requires the Department of Admin, in consultation with Commerce, to develop a process for reviewing and approving waivers from the guidelines.
- Subdivision 9 requires Admin to submit a report to the legislature by Feb 1 each year on project status and measurable goals.

Section 2

- Establishes an unknown appropriation to the Department of Admin for development, oversight, and administration of the guidelines.

Assumptions

The Department assumes it has newly established responsibilities from HF749-3A under subdivisions 4a, 5, 6, and 8. The responsibilities include:

- Review of current guidelines by Feb 1, 2024 and then annually thereafter. The Department assumes the purpose of the review is identify improvements to the guidelines to achieve the objectives under subdivision 6 and then amend the guidelines accordingly. The Department assumes this process will need to be conducted with stakeholders such as other state agencies, architecture and engineering firms, building owners and operators, and other relevant entities. Given the annual schedule, the Department assumes there will be an ongoing process establishes throughout the year to review and propose updated guidelines.
- Modify existing contracting mechanisms in consultation with the Department of Admin to ensure CSBR meets minimum standards for program administration. The Department assumes it will need to review the existing contracting process and mechanisms, update contract language, and modify deliverables to meet the proposed language in subdivision 5.
- Collaborate with the Department of Administration to develop measurable goals to meet the objectives of the guidelines. The Department assumes it will need to undertake a detailed review of existing goals and practices to develop a baseline for measurable goals, coordinate with CSBR to determine what are reasonable and functional goals, and develop a process for periodic review and updating of measurable goals as the program warrants.
- Consult with the Department of Administration in the development of a waiver process for application of guidelines. The Department assumes it will need to develop criteria for the types of scenarios where waivers may be allowed, including technological limitations or conflicts with applicability of guidelines. The Department assumes this inventory will inform a waiver verification process.

The Department also assumes that the applicability of the program guidelines are expanding from not just facilities that receive general obligation bonds, but that also received general funds beginning January 1, 2023. It is unknown how many additional scenarios or facilities will need to be addressed as a result of this change.

Given these proposed modifications and assumptions, the Department assumes it will need additional resources to perform the above listed duties. The Department assumes it will need .25 FTE at the Planner Principal level to address the assumed tasks on an ongoing basis. The annual review of guidelines warrants the ongoing resource needs.

The Department assumes this funding will come from the appropriation to the Department of Admin to oversee and administer the guidelines, however, it is unclear the appropriation would cover Commerce’s resource needs. If not added to appropriations section, Commerce assumes it will enter into an interagency agreement with the department of administration to fund the .25 FTE required under this section.

Expenditure and/or Revenue Formula

.25 FTE Planner Principal

			FY24	FY25	FY26	FY27
Salary			22,274	22,274	22,274	22,274
Fringe			6,682	6,682	6,682	6,682
Other Personnel Related Costs			8,237	8,237	8,237	8,237
			37,193	37,193	37,193	37,193

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Long-Term Fiscal Considerations

.25 FTE Planner Principal

Local Fiscal Impact

Unknown

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Amy Trumper

Phone: 651-539-1517

Date: 4/5/2023 10:04:39 AM

Email: amy.trumper@state.mn.us