

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 282 (Second Edition)

SHORT TITLE: Green School Construction/Loan Fund.

SPONSOR(S): Representatives Glazier, Fisher, Harrison, and Cotham

FISCAL IMPACT					
	Yes (X)	No ( )	No Estimate Available ( )		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
<u>State</u>					
DPI:			No fiscal impact		
DOA:			No fiscal impact		
<u>Local</u>					
LEAs:	\$192,500	\$0	\$0	\$0 to \$192,500	\$0 to \$192,500
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Administration (DOA), Local Education Agencies (LEAs), Department of Public Instruction (DPI)					
<b>EFFECTIVE DATE:</b> Sections 4, 5, and 7 of this act become effective July 1, 2009. The remainder of this act becomes effective January 1, 2010					

BILL SUMMARY:

This bill makes several changes to existing law:

Section 1 provides that local boards of education may participate in the Sustainable Energy-Efficient Buildings Program (the Program), if they so choose.

Section 2 makes a conforming change by adding a new section to G.S. 115C to require each LEA that participates in the Program to monitor and report utility consumption to the Office of State Construction in the DOA. Note that only those LEAs participating in the Program would be required to monitor and report this additional information.

Section 3 amends G.S. 115C-521 (Erection of school buildings) to require local boards of education to employ life-cycle cost analysis to consider the feasibility and costs of commissioning

old school buildings that are renovated for the purpose of reducing energy and water use. This section also requires local boards of education to conduct life-cycle cost analysis for the acquisition and installation of relocatable or mobile classroom units. Note that all LEAs are subject to these new requirements.

This section also amends G.S. 115C-521(e) to require that DPI include a prototype of a new school facility that is designed to at least the standards for energy efficiency and water use under the Program in the computer database clearinghouse for school facility construction design.

**Section 4** amends G.S. 115C-521(c) to:

- Require local boards of education to consider ways to minimize a new building's use of energy and water before any money is invested in the new building.
- Provide that any money obtained as no-interest loans under the Green School Construction Loan Fund (see Section 5) is available money for a contract to erect a new school building.
- Provide local boards of education the option of considering the installation of alternative energy systems other than solar energy systems, when designing or renovating school buildings.
- Encourage local boards of education to participate in the Sustainable Energy-Efficient Buildings Program for new school construction or renovation projects.

**Section 5** creates the Green School Construction Loan Fund (Loan Fund) under the control and direction of the Department of Public Instruction. The Loan Fund would be used to provide no-interest loans to LEAs for any of the following purposes, with priority given to projects that will have the greatest impact on reducing the use of energy or water:

- 1) Designing or constructing a new or renovated school building or its water system to the energy efficiency standards articulated under the Sustainable Energy-Efficient Buildings Program for major facility construction or renovation projects.
- 2) Commissioning a school building for the purpose of reducing the building's use of energy or water when the commissioning is not suitable for a guaranteed energy savings contract.
- 3) Installing one or more energy conservation measures when the measures are not suitable for a guaranteed energy savings contract.
- 4) Installing an alternative energy system to replace a conventional energy system when the installation of the alternative energy system is not suitable for a guaranteed energy savings contract.

The Department must consult with the State Energy Office in the DOA before adopting rules to administer the Loan Fund; to establish criteria for the prioritization of loans; to establish maximum loan amounts; to establish application and award criteria and schedules; and to otherwise implement the Loan Fund.

**Section 6** amends the performance review criteria under the Program to include the identification of any impacts on student performance, as applicable, from using energy-efficient and water use standards.

**Section 7** appropriates \$2 million of the American Recovery and Reinvestment Act funds appropriated to the State Energy Office to the Loan Fund.

## **ASSUMPTIONS AND METHODOLOGY:**

### **Department of Public Instruction**

Section 3 and Section 5 of this bill place additional responsibilities on DPI, however there are no fiscal impacts associated with these new responsibilities.

Section 3 requires that DPI include a prototype of a new school facility in its clearinghouse of prototype designs. Prototypes are not actually developed by the School Planning Division at DPI. Instead, prototypes are developed by private architects who are willing to reuse the designs on another project. To meet the requirements of this bill, DPI would simply need to find an existing prototype that meets the energy and water standards set forth in this bill, then make it available on the clearinghouse.

Section 5 places the Loan Fund under the auspices of DPI, and requires DPI (in conjunction with the State Energy Office) to develop rules for administration of the Loan Fund. The School Planning Division is already in the process of analyzing and adapting a major standard for energy and water usage at public school buildings. Furthermore, DPI already administers certain construction and/or loan programs (Public School Building Capital Fund, Qualified Zone Academy Bonds, and Qualified School Construction Bonds), and could administer the Loan Fund proposed in this bill within existing funds.

### **Department of Administration**

DOA has indicated that the implementation of this bill will have no fiscal impact on the agency. Section 5 of the proposed legislation requires additional work for the State Energy Office in assisting DPI in the adoption of rules for the Loan Fund. However, such work can be done from existing funds.

### **Local Education Agencies**

This bill would impart nonrecurring costs on LEAs of approximately \$192,500 in FY 2009-10 and again in either FY 2012-13 or FY 2013-14. Section 3 of this bill requires LEAs to employ a life-cycle cost analysis when renovating an existing building or installing mobile classroom units. DPI's School Planning Division estimates that a life-cycle analysis of a mobile unit would cost the LEA approximately \$2,500. The office further estimates that approximately two thirds of all LEAs (approximately 77 LEAs) buy or install a mobile unit in a given year. Therefore, this bill would create additional costs for LEAs of approximately \$2,500 in FY 2009-10. These costs would be nonrecurring, as the analysis would be unchanged for the installation of future mobile units, so long as the mobile units remain unchanged. The analysis would need to be repeated every three to four years as new unit models enter the market.

**SOURCES OF DATA:** Department of Administration, Department of Public Instruction

### **TECHNICAL CONSIDERATIONS:**

House Bill 1481 seeks to move the State Energy Office to the Department of Commerce. If H1481 is enacted, reference to DOA in Section 5 of this bill should be changed to the Department of Commerce.

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**DATE:** July 7, 2009



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