

2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2876 **STATUS:** A-Engrossed
SUBJECT: Energy reduction for state agencies building or renovating state buildings
GOVERNMENT UNIT AFFECTED: Oregon Department of Energy
PREPARED BY: Dawn Farr
REVIEWED BY: Michelle Deister, Dallas Weyand, Daron Hill
DATE: April 30, 2007

EXPENDITURES:	<u>2007-2009</u>	<u>2009-2011</u>
Personal Services – Other Funds (OF)	\$ 264,994	\$ 374,110
Services and Supplies – OF	\$ 56,800	\$ 67,200
Indirect – Prorated portion of admin. services costs - OF	\$ 116,597	\$ 164,608
	\$ 438,391	\$ 605,918

REVENUES:	<u>2007-2009</u>	<u>2009-2011</u>
Rate Assessments to Agencies – Other Funds	\$ 438,391	\$ 605,918

POSITIONS / FTE:	<u>2007-2009</u>	<u>2009-2011</u>
Program Analyst 3	2/1.4	2/2.0

EFFECTIVE DATE: January 1, 2008

GOVERNOR’S BUDGET: This bill is not anticipated by the Governor’s recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The bill requires a state agency authorized to finance construction or renovation of a state building to reduce the amount of energy the agency uses by at least 20 percent by June 30, 2015, from 2000 baseline. By January 1, 2009, agencies are required to prepare a plan for reducing energy use and to report periodically to the Oregon Department of Energy (ODE) regarding energy use. Agencies that fail to meet reduction targets are required to submit a biennial energy conservation plan to ODE. The bill directs ODE to pre-qualify prospective bidders for state agency energy savings performance contracts. ODE is authorized to recover, from authorized state agencies, the costs associated with administering the program, including costs to adopt rules, maintain a state energy use database, pre-qualify bidders and provide assistance in reviewing plans.

The ODE indicates that they will need two Program Analyst (PA) 3 positions to collect data, pre-qualify bidders and provide planning assistance to agencies. ODE indicates that competitive market factors make it impossible for them to hire staff with required expertise at the typical Step 2 level, so expenditures consider hiring two PA 3’s at Step 9. ODE indicates that total Other Fund costs for two positions will be \$438,391 for 2007-09 and \$605,918 for the 2009-11 biennia. Costs include Personal Services, Services and Supplies and Indirect (position’s prorated contribution to agency administrative costs) expenditures. Expenditures

are lower for the 2007-09 biennium because of the January 2008 effective date and the agency's plan to phase in one position two months after the other.

The bill authorizes ODE to recover program administration costs from authorized state agencies. Authorized state agencies are any state agency, board, commission, department or division this is authorized to finance the construction, purchase or renovation of buildings or other structures to be used by the State of Oregon. ODE plans to charge an assessment rate of \$95 per hour for services and support provided to authorized state agencies. The value of assessments to authorized state agency and related timing is indeterminate at this time. The agency assumes there will be sufficient assessment Other Fund revenues recovered to pay the program expenditures to implement the bill.

Because the value of assessments to authorized state agencies is indeterminate, it is not known at this time if there will be significant fiscal impact resulting from this bill on a given authorized state agency. The uncertainty surrounding the bill's fiscal impact on authorized state agencies may mean that an agency will need to return to the Emergency Board if budgeted resources prove insufficient to cover the actual costs of this measure.