

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4678-03
Bill No.: Truly Agreed to and Finally Passed SCS for HS for HB 1599
Subject: General Assembly: State Departments
Type: Original
Date: May 28, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri House of Representatives**, the **Missouri Senate**, the **Department of Natural Resources**, the **Department of Transportation**, and the **Department of Conservation** assume the proposal will not have direct fiscal impact on their organizations unless they have facilities chosen for energy performance contract construction or the newly formed committee asks for their assistance..

Officials of the **Office of Administration - Division of Design and Construction (OA - D & C)** stated that the proposal would require the D & C to manage a statewide program to complete energy conservation measures through Energy Performance Contracts. Projects performed under this type of contract are not funded with money. The contractors provide design, construction and financing.

However, in order to manage projects within the procurement model contained in the proposal D & C would need funds for administrative costs: managing the bid process, inspect construction, advertising bids, printing bid documents, and paying for energy audits in those cases when D & C and the winning bidder can not negotiate a final contract.

D & C officials estimated costs to manage, oversee, bid and contract projects would be 1% to 2% of construction costs. This would include all up front costs, including energy audits, FTE (3

ASSUMPTION (continued)

Design Engineers III), and equipment and expense that could not be included in the cost to finance.

Officials made the following estimates of facilities which would be candidates for Energy Performance Contracts:

Total Square Footage of state agency facilities (including Higher Education and Department of Transportation) - 68,000,000
 Number of Buildings - 5,200

Total Square Footage of facilities likely candidates for Energy Performance Contracts (including DHE and MoDOT) - 27,000,000
 Number of Building - 1,100

Total construction cost of energy projects in the “likely” group - \$200,000,000

Officials of the **Office of Administration - Division of Budget and Planning** stated that the proposal would not have any direct impact on their agency.

Oversight assumes that Design and Construction would only choose Energy Performance Contract construction projects which would save the state more money than administrative costs and payments to contractors.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE FUND			
<u>Savings</u> - Construction Projects	Unknown*	Unknown*	Unknown*
<u>Cost</u> - Office of Administration (OA)			
Personal Service (3 FTE)	(\$131,333)	(\$161,540)	(\$165,578)
Fringe Benefits	(\$54,372)	(\$66,878)	(\$68,549)
Expense and Equipment	(\$62,820)	(\$20,913)	(\$21,541)
Contract Bidding, Inspections, Energy Audits, Etc.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Administrative Costs Office of Administration	(\$248,525 to Unknown)	(\$249,331 to Unknown)	(\$255,668 to Unknown)

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
OTHER STATE FUNDS			
<u>Savings</u> - Construction Costs	Unknown	Unknown	Unknown
<u>Costs</u> - Payments for Energy Savings	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would give the Office of Administration authority to contract for guaranteed energy cost savings contracts (this authority currently resides with the Division of Design and Construction) and remove the eight project limit on this procurement process. It would allow other state governmental units to procure energy cost savings contracts.

The Office of Administration would develop a statewide plan of energy conservation and cost savings for state government facilities.

This proposal would also establish a Joint Committee Government Accountability. The Committee would make a continuing study and analysis of inefficiencies in state government, determine means of identifying potential and actual inefficiencies in state government, determine the need for changes in law, rules or policy to address inefficiencies, make recommendations to the General Assembly to reduce inefficiencies, and identify and acknowledge government agencies and officials which perform efficiently and effectively.

DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This proposal would not affect Total State Revenue.

SOURCES OF INFORMATION

Missouri House of Representatives
Missouri Senate
Office of Administration - Division of Design and Construction
Office of Administration - Division of Budget and Planning



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Director
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