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PREPARED BY: Scott Danigole  
DATE PREPARED: February 15, 2011  
PHONE: 471-0055

LB 369

Revision: 00

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

## ESTIMATE OF FISCAL IMPACT – STATE AGENCIES \*

	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below	See Below	See Below	See Below
CASH FUNDS	See Below	See Below	See Below	See Below
FEDERAL FUNDS	See Below	See Below	See Below	See Below
OTHER FUNDS	See Below	See Below	See Below	See Below
TOTAL FUNDS	See Below	See Below	See Below	See Below

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 369 requires each state agency to develop and implement a plan for conserving energy and set a percentage goal for reducing its usage of electricity. The plan shall include the use of switchable power strips and be submitted to the State Energy Office by December 1, 2011. Each December 1 thereafter, each state agency shall report to the Energy Office the goals achieved and any additions or modifications to the plan.

The Energy Office is charged with compiling the plans and providing a compilation to the Governor and Legislature.

A sampling of several of the larger state agencies was conducted to gather information regarding the impact of the bill's provisions on state agencies. A complete survey of all state agencies is impractical. Enactment of the bill's provisions will undoubtedly impact all state agencies. The depth of the fiscal impact will vary widely from one agency to another. It is recommended that costs incurred at the agency level be addressed through the deficit and budget processes.

The Energy Office identifies that they would need to hire additional staff or a contractor to compile the reports from other agencies and prepare the annual report. They further identify that the agency does not have sufficient Cash or General Fund authority to support this new function. The Energy Office, however, failed to identify any associated costs associated with this. It is unknown if the expectation for additional staffing or contracting would be for a full-year position or a shorter-term (e.g. someone for 3 months each year).

The bill requires the Energy Office "To compile the energy conservation plans...and provide the compilation to the Governor and Legislature." This function could be as simple as accepting electronic or hard copies of reports and combining them into a single document. The bill does not require the Energy Office to perform any examination or analysis of the reports. If this is the extent of the bill's requirements (to perform a central collection function), the need for additional staffing would likely not be required.

From the sampling of agencies' responses:

Department of Corrections cannot estimate the possible increased costs or cost savings from such a plan. They report that the requirements to develop and submit the plan itself will have no fiscal impact.

Department of Health and Human Services cannot estimate the possible increased costs or cost savings from such a plan. DHHS points out that many utility costs are paid as part of a rent payment; therefore, utility savings will not directly reduce agency costs unless lease agreements are adjusted. DHHS also assumes that Administrative Services will provide switchable power strips to agencies that use state owned space or that rental charges will be adjusted to offset the cost of such strips. It should be pointed out that the DAS response to request for fiscal impact does NOT include purchasing power strips for state agencies. It is likely that this cost would be borne by each agency, not centrally by DAS. DHHS is unable to estimate the number of power strips they would require. They report that the requirements to develop and submit the plan itself will be absorbed within the current appropriation.

Game and Parks Commission estimates the need to contract with an energy conservation consultant to perform an inventory and analysis of facilities. Capital costs are estimated at \$500,000 in fiscal year 2012-13. There is no basis to disagree with these estimates, but it should be pointed out that, in absence of the first year's analysis, the estimate for capital expenditures may be far off the mark. The Game and Parks Commission is unable to estimate any cost savings as a result of implementation of the plan.

University of Nebraska estimates \$55,000 to address the cost associated with consulting to develop an initial plan. Future year costs to implement the plan cannot be estimated until the plan is developed.

Department of Administrative Services estimates the need to create a new Energy Manager position to address the bill's provisions. This position would be responsible for compiling, preparing, overseeing and filing the report and proactively achieving the goals. DAS estimates the cost of power strips to be up to \$53,000 for the agency. If the currently utilized manual switch power strips are satisfactory, new power strips will not be needed. However, if automatically switched strips are required, the cost would be approximately \$53,000.

Since the bill's provisions will affect all state agencies and it is impractical to get input from all state agencies, the narrative of this fiscal note is intended to provide a sampling of estimates from some agencies. There are no dollars included in the table on page one because any figures would be incomplete and, therefore, misleading. The costs of implementing LB 369 would need to be addressed through the normal budget and deficit processes.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Cindy Miserez	DATE	1/28/11	PHONE	471-2526
COMMENTS					
ADMINISTRATIVE SERVICES: I have no basis to disagree with AS Building Division's statement.					
DEPARTMENT OF CORRECTIONAL SERVICES: I have no basis to disagree with Department of Correctional Services statement.					
NEBRASKA ENERGY OFFICE: I have no basis to disagree with NEO's statement.					
GAME AND PARKS COMMISSION: I have no basis to disagree with NGPC's estimate.					
DEPARTMENT OF HEALTH AND HUMAN SERVICES: I have no basis to disagree with DHHS's statement.					
UNIVERSITY OF NEBRASKA: I have no basis to disagree with University of NE's statement.					

# 2011 Legislative Bill Proposal Fiscal Note

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JAN 25 2011

LEGISLATIVE FISCAL

**Bill #: 369**

**State Agency: Administrative Services**

**Prepared by: Jeffrey L. Jensen**

**Date Prepared: 01/20/11**

**Phone: 402-471-0422**

**Approved by:**

### Estimate of Fiscal Impact – State Agencies

	FY 2011-12		FY 2012-13	
	Expenditures	Revenue	Expenditures	Revenue
General Funds	6,500			
Cash Funds	1,300			
Federal Funds				
Other Funds	45,200			
Other Funds - Employee	97,533		97,104	
<b>Total Funds</b>	<b>150,533</b>	<b>0</b>	<b>97,104</b>	<b>0</b>

**Explanation of Estimate:**

Section 1 of this bill specifies that agencies shall develop and implement a plan to conserve energy. The plan is to be submitted to the Nebraska Energy Office by December 1, 2011 followed by annual reports. There will be an administrative burden to Administrative Services (AS) to create a written energy plan, but it is difficult to calculate what the actual fiscal impact may be. The AS State Building Division, along with other divisions within AS, have a number of ongoing efforts to identify projects to save energy and are implementing many of those projects within existing operating budgets. To ideally address the required plan under LB369 and then carry it out, AS/SBD would need to establish a new Energy Manager position. The Energy Manager position would encompass the duties necessary to compile, prepare, oversee and file this report and proactively achieve the goals mentioned below (once they are defined). It is projected that these duties would not be possible through the use of existing staff time that might be otherwise devoted to the management of projects (many of which have a positive energy impact). The projected cost of this position would be paid from revolving funds and partially financed through the energy savings achieved. Salary and benefits are estimated at \$90,498 (a 2% increase salary increase was calculated for FY12-13. There would be additional ongoing annual operating costs including communication and data processing costs, office supplies, rent/depreciation, printing, etc., estimated at \$4,535. In addition there would be one time costs for equipment needed for the new employee of \$2,500 in FY11-12 only.

The bill requires that the agency plan set a percentage goal for reducing agency usage of electricity. The bill is not clear if the required percentage goal is to be an annual goal or a long range goal with annual evaluations to determine progress toward the goal. It is very likely that this bill will have fiscal impact, but it is not possible to quantify the cost without more details about the percentage goal. Generally, energy projects are evaluated based upon the initial cost to implement and a payback schedule based upon energy costs saved. So, the short range fiscal impact of most energy savings projects implementation is likely to be negative while the long range impact may be positive, i.e. energy savings over time exceed the initial cost of implementation.

The bill further requires "the use of switchable power strips that are powered off when the attached equipment is not being used. Nearly all AS employees currently have a manually switchable power strip. Some have more than one. If manually switchable power strips satisfy the bill's requirements, there is no fiscal impact of this portion of the bill. If all existing power strips are upgraded to automatic switching power strips, we estimate that at least 530 new power strips will be needed in AS at an estimated cost of \$100 each, totaling \$53,000. The fund type for the \$53,000 expense was allocated based on the funding type of the Agency's FTE's.

**Major Objects of Expenditure**

**Personal Services:**

Position Title:	Number of Positions			2011-12	2012-13
	11-12	12-13		Expenditures	Expenditures
Energy Manager	1	1		60,000	61,200
Benefits				30,498	31,369
Operating				53,000	
Operating - Employee				4,535	4,535
Travel					
Capital Outlay				2,500	
Aid					
Capital Improvements					
<b>TOTAL</b>	0	0		150,533	97,104

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LB 369 FISCAL NOTE

State Agency OR Political Subdivision Name: (2) DEPARTMENT OF CORRECTIONAL SERVICES

Prepared by: (3) Kate Morris

Date Prepared: (4) 2/11/2011 Phone: (5) 479-5702

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2011-2012		FY 2012-2013	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	see below			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 369 requires state agencies to develop and implement plans for conserving energy and set a percentage goal for reducing its usage of electricity. The plan shall include the use of switchable power strips that are powered off when the attached equipment is not being used. The plan is to be submitted to the State Energy Office by December 1, 2011, and updates/goals/modifications are to be reported by December 1 each year thereafter.

There is no direct fiscal impact to the Department of Correctional Services to develop the plan. No estimate can be made at this time as to possible increased costs or cost savings from such a plan.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2011 - 2012 EXPENDITURES	2012-2013 EXPENDITURES
	11-12	12-13		
Benefits .....				
Operating .....				
Travel .....				
Capital outlay .....				
Aid .....				
Other .....				
Capital improvements .....				
TOTAL .....				

5

# FISCAL NOTE LB369 Nebraska Energy Office

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JAN 26 2011  
LEGISLATIVE FINANCE

Prepared By	Jensen, Danielle
Date Prepared	1/19/2011
Prepared Phone	402-471-3360

### Estimate Provided By State Agency or Political Subdivision

	FY 2011-2012		FY 2012-2013	
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds				
Total Funds				

#### Explanation of Estimate:

The fiscal impact of this bill is unknown at this time because utilities are included in the Nebraska Energy Office (NEO) rent payment, and information necessary to develop a plan for reduction in energy usage would have to be obtained from the property owner. NEO would be able to develop a plan only if the property owner would be willing to segregate utility usage for the agency. It is unknown if NEO would be responsible for the partial financing of the capital improvement projects. In the event the building owner will not segregate NEO's usage, the agency would need to hire a contractor to determine the usage at an unknown cost.

NEO would need to hire additional staff or a contractor to compile the reports from other agencies and prepare an annual report to be submitted.

NEO does not have sufficient Cash Fund or General Fund authority to support this new function.

#### Major Objects of Expenditure

Position Title	Number of Positions		FY 2011-2012	FY 2012-2013
	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures
		Benefits		
		Operating		
		Travel		
		Capital outlay		
		Aid		
		Capital improvements		
		Total		

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LB <sup>(1)</sup> 369 FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Game and Parks Commission

Prepared by: <sup>(3)</sup> Patrick H. Cole Date Prepared: <sup>(4)</sup> January 23, 2011 Phone: <sup>(5)</sup> (402) 471-5523

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2011-2012		FY 2012-2013	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	105,000		515,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>105,000</b>		<b>515,000</b>	

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

The proposed legislation requires each agency to develop and implement a plan for conserving energy and set a percentage goal for reducing its usage of electricity. The plan is to be submitted to the State Energy Office by December 1, 2011 with follow-up reports and plan modifications due each year there after.

No exact criteria is provided related to the necessary depth an assessment, planning and implementation of an energy conservation plan needs to be. Since electricity is mentioned, it is assumed that it would be one of the primary areas of focus.

For the Nebraska Game and Parks Commission to develop a plan for conserving electricity at all facilities and be able to meet defined goals by December 1 each year, a very comprehensive and quantifiable plan would need to be written. An inventory of all units consuming electric power would be required with an objective for improvement of each unit or facility, an action plan to meet the objective, and performance measures to verify the goals achieved. To accomplish this in the specified time frame is beyond the staff time available. We would need to contract with a consultant specializing in energy conservation.

MAJOR OBJECTS OF EXPENDITURE

Personal Services

POSITION TITLE	NUMBER OF POSITIONS		2011-2012	2012-2013
	11-12	12-13	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....			105,000	15,000
Travel.....				
Capital outlay.....				500,000
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>105,000</b>	<b>515,000</b>

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2011

LB <sup>(1)</sup> 369 FISCAL NOTE

Our estimate to complete this work is \$100,000 for the basic ground work with some type of retainer of \$15,000 per year for five years.

If the implementation of the plan actually means upgrading, replacement, retrofitting of equipment, devices, installing controls, etc. the cost will be substantial since the agency has over 1800 buildings on inventory. At a minimum, using switchable power strips could cost the agency an estimated \$5,000, however the agency could expend \$500,000 annually to initiate and continue with a full fledged energy conservation plan.

For the fiscal note purpose we will use \$105,000 for the first year to complete the plan and purchase some switchable power strips and \$515,000 for the second year. Expenses in the following years would be dependent upon the plan details. In as much as the agency's cash fund balances would not be able to accommodate such sizable expenditures, General Fund dollars would be requested. While it is acknowledged that there will be some savings associated with implementation of the plan, at this point the amount and timing is not determinable and it is thought the expenses will more than offset any savings thus no savings will be identified for this reporting period.



LB(1) 0369

FISCAL NOTE

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name: Department of Health and Human Services

Prepared by: (3) Willard Bouwens

Date Prepared: (4) February 14, 2011

Phone: (5) 471-8072

FY 2011-2012

FY 2012-2013

	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	\$0	See Below	\$0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

Because many utility costs for the Department are paid as part of a rent payment, it will be difficult to establish a percentage goal for reducing usage of electricity. Also, because the Department will not benefit directly in reduced utility costs in many cases where private landlords are involved, the cost of power strips may not be recovered in lower rent charges. This fiscal note assumes that Administrative Services will provide the power strips to agencies that use state owned space or that rental charges will be reduced to offset the cost of the strips. Regular use switchable power strips are approximately \$20 each. Power strips for use in a medical setting that meet fire marshal codes are approximately \$150 each. An unknown quantity of each would be needed.

The staff time involved in developing and implementing the conservation plan will be absorbed within the current appropriation.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2011-2012	2012-2013
	11-12	12-13	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			See Above	See Above

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LB<sup>(1)</sup> 369 FISCAL NOTE

State Agency OR Political Subdivision Name: University of Nebraska  
(2)

Prepared by: (3) Michael Justus Date Prepared: (4) January 27, 2011 Phone: (5) 472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2011-2012</u>		<u>FY 2012-2013</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	55,000			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	55,000			

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

The bill calls for the development of energy conservation plans. Without specifics on the requirements it is difficult to determine the cost of developing such plans. An estimate is included for one-time consulting to develop an initial plan, after which it could be updated by campus personnel.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2011-2012 EXPENDITURES</u>	<u>2012-2013 EXPENDITURES</u>
	<u>11-12</u>	<u>12-13</u>		
Benefits.....				
Operating.....			55,000	
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			55,000	