

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|---------------------|----------------|---------------------|----------------|
| | FY 2019-20 | | FY 2020-21 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | See below | | See below | |
| CASH FUNDS | See below | | See below | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | See below | | See below | |
| TOTAL FUNDS | See below | | See below | |

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB95 would require all state agencies, including all state constitutional offices, state administrative departments, and state boards and commissions, the University of Nebraska, and the Nebraska State Colleges, to comply with local building and construction codes enacted, administered, or enforced pursuant to section 71-6406 to the extent such codes meet or exceed the standards of the state building code. This requirement would apply to the construction or repair of any building or structure beginning on or after January 1, 2020.

The **State Fire Marshal** and the **Department of Labor** indicate the bill represents no fiscal impact to the respective agencies.

The **Department of Health and Human Services** identifies no definitive fiscal impact with respect to LB95, but generally indicates that any related impact would result from pass-through costs associated with relevant capital projects that may be assessed by the Department of Administrative Services – State Building Division relating to facilities administered by DAS-SBD and occupied by DHHS.

The **Department of Transportation, Game and Parks Commission, Department of Correctional Services and Nebraska State College System** do not identify definitive estimates of fiscal impacts associated with LB95, but generally indicate that provisions of the bill represent prospective increases in capital project costs with respect to locally required project design and certification, local fees for project permit applications and inspections, and other expenses that may be imposed by local governments.

The **University of Nebraska** estimates provisions of LB95 will necessitate addition of a 0.5 FTE staff position to review and apply building code provisions for various localities in which University facilities are located and for which capital projects are planned and undertaken. Additionally, the University estimates the bill would result in increased fees to be incurred for project design contractual services due to variances in local building codes across locations of University facilities. Finally, the University estimates it will incur increased costs relating to municipal inspection and other fees relating to capital projects if LB 95 were to be enacted. In summary, the University estimates the following increased costs associated with provisions of LB95 and allocation of costs by sources of funds:

| | | | | | | | |
|-----------------------------|----------------|----------------|---------------|---------------------|----------------|----------------|--|
| | <u>2019-20</u> | <u>2020-21</u> | | <u>2019-20</u> | | <u>2020-21</u> | |
| 0.5 FTE staff position | 45,000 | 45,000 | General Funds | 141,000 30% | 141,000 | 30% | |
| Capital project design fees | 150,000 | 150,000 | Cash Funds | 94,000 20% | 94,000 | 20% | |
| Municipal fees | <u>275,000</u> | <u>275,000</u> | Other Funds | <u>235,000 50%</u> | <u>235,000</u> | <u>50%</u> | |
| | <u>470,000</u> | <u>470,000</u> | | <u>470,000 100%</u> | <u>470,000</u> | <u>100%</u> | |

To the extent the University's estimate of local building and construction code compliance costs under provisions of LB95 is accurate; average annual capital project costs incurred may increase, the proportion of total capital project costs relating to building and construction code compliance may increase, or some combination thereof may be the case.

The Department of Administrative Services (DAS) addresses LB95 fiscal implications as they relate to (1) the Task Force for Building Renewal, (2) the State Capitol heating, ventilating, and air conditioning (HVAC) systems replacement project for which amounts are appropriated for the 2017-19 biennium and for which the Legislature has committed to future appropriations through the 2023-25 biennium, and (3) the State Building Division.

- (1) Based on assumptions identified in the agency's fiscal note, costs for building renewal projects for which the Task Force for Building Renewal allocates amounts from the (a) State Building Renewal Allocation Fund and (b) State Building Renewal Assessment Fund (both cash funds) are estimated to increase 3% as the result of local building and construction code compliance

to be required under LB95. This translates to annual increases of \$475,026 for 2019-20 and \$493,362 for 2020-21 as compared to a 2018-19 building renewal project base level of \$15,272,168 noted in the DAS fiscal note. Amounts annually accruing to the State Building Renewal Allocation Fund from a statutory earmark of state cigarette tax receipts are effectively fixed at a static dollar level. Amounts accruing to the Building Renewal Assessment Fund result from depreciation charges included as a component of occupancy charges assessed to state agencies which occupy facilities operated / administered by State Building Division. The rate of these depreciation charges is established biennially by DAS. Revenue available to the Task Force for Building Renewal from this source has historically been relatively static. To the extent the agency's estimate of local building and construction code compliance costs under provisions of LB95 is accurate, these increased costs may diminish the extent of building renewal projects that can be accomplished with relatively static levels of Task Force for Building Renewal funding resources.

- (2) To the extent the agency's estimate of local building and construction code compliance costs under provisions of LB95 is accurate, estimated costs for phases beyond the current phase of the Capitol HVAC systems replacement project would increase. The DAS fiscal note reflects an Office of the Capitol Commission estimate of the related increase at 3% of \$65,000,000 or \$1,950,000 for the remaining project phases over the remaining term of the project. Existing commitments for future funding of the HVAC project exclusively include amounts from the General Fund. Note however, that section 2 of LB95 provides that provisions of the bill are applicable "For the construction or repair of any building or structure **beginning on or after January 1, 2020.**" The agency's interpretation is apparently that provisions of LB95 would be applicable to "phases" of the Capitol HVAC replacement project commencing after January 1, 2020. If the DAS interpretation as to the applicability of provisions of LB95 to future phases of the project is incorrect, the agency's estimate of increased costs for the project is moot.
- (3) Estimates of increased costs for projects relating to State Building Division facilities relate to projects supported by funding allocated to the division by the Task Force for Building Renewal. See item (1) above relating to Task Force for Building Renewal capital project funding. The division also estimates that, given the volume of capital facilities projects it plans/undertakes (i.e. some manner of work on 112 projects and 20 projects completed in 2018), it would require 1.0 FTE additional architect position to conduct needed research, draft local permit applications, manage local inspections, and negotiate municipality fee rates. State Building Division estimates costs (Revolving Fund-supported) for the position and related non-personnel expenses at \$98,710 for 2019-20 and \$100,490 for 2020-21.

| | | | |
|---|-----|--------------------------------------|-----------------------|
| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
| LB: 95 | AM: | AGENCY/POLT. SUB: State Fire Marshal | |
| REVIEWED BY: Neil Sullivan | | DATE: 1/17/2019 | PHONE: (402) 471-4179 |
| COMMENTS: No basis to disagree with the State Fire Marshal estimate of no fiscal impact from LB 95. | | | |

| | | | |
|---|-----|--|-----------------------|
| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
| LB: 95 | AM: | AGENCY/POLT. SUB: Nebraska Department of Labor | |
| REVIEWED BY: Neil Sullivan | | DATE: 1/23/2019 | PHONE: (402) 471-4179 |
| COMMENTS: No basis to disagree with the Nebraska Department of Labor estimate of no fiscal impact from LB 95. | | | |

| | | | |
|---|-----|---|-----------------------|
| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
| LB: 95 | AM: | AGENCY/POLT. SUB: Nebraska Department of Transportation | |
| REVIEWED BY: Neil Sullivan | | DATE: 1/25/2019 | PHONE: (402) 471-4179 |
| COMMENTS: No basis to disagree with the Nebraska Department of Transportation estimate of indeterminate fiscal impact from LB 95. | | | |

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | |
|--|-----------------|---|
| LB: 95 | AM: | AGENCY/POLT. SUB: Game and Parks Commission |
| REVIEWED BY: Neil Sullivan | DATE: 1/23/2019 | PHONE: (402) 471-4179 |
| COMMENTS: Agree there will be a fiscal impact to Game and Parks Commission from LB 95. | | |

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | |
|--|-----------------|--|
| LB: 95 | AM: | AGENCY/POLT. SUB: Nebraska Department of Correctional Services |
| REVIEWED BY: Neil Sullivan | DATE: 1/23/2019 | PHONE: (402) 471-4179 |
| COMMENTS: No basis to disagree with the Nebraska Department of Correctional Services estimate of indeterminate fiscal impact from LB 95. | | |

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | |
|--|-----------------|---|
| LB: 95 | AM: | AGENCY/POLT. SUB: Nebraska State College System |
| REVIEWED BY: Neil Sullivan | DATE: 1/23/2019 | PHONE: (402) 471-4179 |
| COMMENTS: No basis to disagree with the Nebraska State College System estimate of indeterminate fiscal impact from LB95. | | |

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | |
|--|-----------------|--|
| LB: 95 | AM: | AGENCY/POLT. SUB: University of Nebraska |
| REVIEWED BY: Neil Sullivan | DATE: 1/25/2019 | PHONE: (402) 471-4179 |
| COMMENTS: No basis to disagree with the University of Nebraska assessment of fiscal impact from LB 95. | | |

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Mike Michalski

Date Prepared 1-16-19

Phone: (5) 471-6719

| | <u>FY 2019-2020</u> | | <u>FY 2020-2021</u> | |
|----------------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | | | | |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | See Below | See Below | See Below | See Below |

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

Explanation of Estimate:

The Department of Health and Human Services (DHHS) does not own State Buildings, therefore fiscal impact would be dependent on any changes in cost mandated by the Department of Administrative Services (DAS) State Building Division. If DAS requires state buildings occupied by DHHS to be modified or renovated as a result of this bill and those costs are assessed to DHHS as an occupying agent, DHHS would require additional appropriated funds to match new increased costs.

MAJOR OBJECTS OF EXPENDITURE

| PERSONAL SERVICES: | POSITION TITLE | NUMBER OF POSITIONS | | 2019-2020 | 2020-2021 |
|---------------------------|----------------|---------------------|-------|--------------|--------------|
| | | 19-20 | 20-21 | EXPENDITURES | EXPENDITURES |
| Benefits..... | | | | | |
| Operating..... | | | | | |
| Travel..... | | | | | |
| Capital Outlay..... | | | | | |
| Aid..... | | | | | |
| Capital Improvements..... | | | | | |
| TOTAL..... | | | | \$0 | \$0 |

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 95

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ State Fire Marshal

Prepared by: ⁽³⁾ Deb Hostetler Date Prepared: ⁽⁴⁾ 1/15/2019 Phone: ⁽⁵⁾ (402) 471-9479

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2019-20</u> | | <u>FY 2020-21</u> | |
|---------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

Explanation of Estimate:

No fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2019-20</u> | <u>2020-21</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>19-20</u> | <u>20-21</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 95

FISCAL NOTE

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

Prepared by: ⁽³⁾ Angela Hansen-Kruse Date Prepared: ⁽⁴⁾ 1/18/2019 Phone: ⁽⁵⁾ 402-471-8358

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2019-20</u> | | <u>FY 2020-21</u> | |
|--------------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

Explanation of Estimate:

There will be no fiscal impact as the NDOL Capital Construction Project in the 2019-2021 Biennium Budget Request satisfies building code requirements.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2019-20</u> | <u>2020-21</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>19-20</u> | <u>20-21</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 95

FISCAL NOTE

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

Prepared by: ⁽³⁾ Becky Fleming Date Prepared: ⁽⁴⁾ 1/22/2019 Phone: ⁽⁵⁾ 402-479-4692

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2019-20</u> | | <u>FY 2020-21</u> | |
|--------------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

Explanation of Estimate:

LB 95 will require all state agencies to comply with local building and construction codes and pay applicable fees in the construction or repair of any building or structure beginning January 1, 2020. The Dept. of Transportation expects to see extended project delivery time to new construction and repairs to its buildings in complying with local codes which may differ from location to location and require additional research and cost to ensure compliance.

Additional expenses are anticipated, but can be accomplished within existing appropriation.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2019-20</u> | <u>2020-21</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>19-20</u> | <u>20-21</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 95

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Game and Parks Commission

Prepared by: ⁽³⁾ Christina Peters Date Prepared: ⁽⁴⁾ 1/22/2019 Phone: ⁽⁵⁾ (402) 471-5523

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2019-20</u> | | <u>FY 2020-21</u> | |
|--------------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

Explanation of Estimate:

The proposed legislation makes changes to the Building Construction Act of the state building code to require compliance with local building and construction codes that meet or exceed the standards of the state building code. Fees of the local jurisdiction that monitors such compliance cannot exceed the actual expenses of said jurisdiction.

A definitive estimate of the fiscal impact of this bill on the Nebraska Game and Parks Commission is not obtainable. Overall, following local building codes are expected to increase project costs and extend scheduling.

Additional fees for applications and inspections will vary by jurisdiction. Further costs could also occur in local areas that require additional certification on plan submittals.

Time issues could include additional work by consultants or agency staff when preparing applications and coordinating inspections. Changes to local building and construction codes could result in changes during project planning, extending the construction time table.

Certain local code requirements may hinder the development of recreational facilities within our areas. For example, if a local jurisdiction requires all structures to be dry flood proofed when located within 500 feet of a river or stream, this would add additional cost to a concrete bathhouse or not allow the construction of such structure.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2019-20 EXPENDITURES</u> | <u>2020-21 EXPENDITURES</u> |
|---------------------------|----------------------------|--------------|---------------------------------|---------------------------------|
| | <u>19-20</u> | <u>20-21</u> | | |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 95

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Correctional Services

Prepared by: ⁽³⁾ Sara Sump Date Prepared: ⁽⁴⁾ 1/18/19 Phone: ⁽⁵⁾ 402.479.5702

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2019-20</u> | | <u>FY 2020-21</u> | |
|--------------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>_____</u> | <u>0</u> | <u>_____</u> | <u>0</u> |

Explanation of Estimate:

Currently all state agencies, including all state constitutional offices, state administrative departments, and state boards and commissions, the University of Nebraska, and the Nebraska state colleges, comply with the state building code. No state agency may adopt, promulgate, or enforce any rule or regulation in conflict with the state building code unless otherwise specifically authorized by statute. The codes adopted in 71-6403, 71-6404, 71-6405, 71-6406 reference the state building codes except as amended pursuant to the Building Construction Act.

This bill would have a fiscal impact by increasing the cost of construction with additional permit fees, inspections and other regulatory expenses imposed by local governments.

Building permit fees and inspections for local governments will vary across the State. It is hard to generalize what the costs may be but they are based on total project value. Currently NDCS has over 100 million dollars in construction projects in Lincoln, Nebraska.

A definitive fiscal Impact is not determinable as it will depend on the type of projects in specific locations and the local codes, but will have potentially significant additional costs.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2019-20</u> | <u>2020-21</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>19-20</u> | <u>20-21</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 95

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska State College System (NSCS)

Prepared by: ⁽³⁾ Carolyn Murphy Date Prepared: ⁽⁴⁾ 01/17/2019 Phone: ⁽⁵⁾ 402-471-2505

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2019-20</u> | | <u>FY 2020-21</u> | |
|---------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>Unetermined</u> | _____ | <u>Undetermined</u> | _____ |

Explanation of Estimate:

LB95 would require that the NSCS comply with local building codes to the extent that the codes meet or exceed the standards of the state building code. While there is a potential for adding costs to NSCS projects, it is difficult to estimate the impact because it would depend on the type and size of a particular project. The additional costs may come from additional requirements placed on the project itself, as well as any local permit and inspection fees.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2019-20</u> | <u>2020-21</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>19-20</u> | <u>20-21</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 95

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

University of Nebraska

Prepared by: ⁽³⁾ Michael Justus

Date Prepared: ⁽⁴⁾ January 22, 2019

Phone: ⁽⁵⁾ 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2019-20</u> | | <u>FY 2020-21</u> | |
|--------------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | 141,000 | | 141,000 | |
| CASH FUNDS | 94,000 | | 94,000 | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | 235,000 | | 235,000 | |
| TOTAL FUNDS | 470,000 | | 470,000 | |

Explanation of Estimate:

While difficult to estimate, we would expect some additional costs would be incurred to the University's \$2.8 billion net capital asset portfolio. Using our best assumptions, we feel costs would increase around the following areas:

1. An additional 0.50 FTE employee to review, update and manage various municipality building codes
2. Additional fees charged by design firms
3. Additional inspection and other municipalities fees

Note, the exact costs are very difficult to determine, and indirect costs such as zoning, environmental or yearly inspections are not included.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2019-20</u> | <u>2020-21</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>19-20</u> | <u>20-21</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| University Code Official | 0.5 | 0.5 | 35,000 | 35,000 |
| Benefits..... | | | 10,000 | 10,000 |
| Design fees..... | | | 150,000 | 150,000 |
| Travel..... | | | | |
| Capital (Fees)..... | | | 275,000 | 275,000 |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | 470,000 | 470,000 |

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 95

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS) - Task Force for Building Renewal (TFBR), State Building Division (SBD), and the Office of the Capitol Commission (OCC)

Prepared by: ⁽³⁾ Doug Hanson, Bob Ripley, & Byron Brogan Date Prepared: ⁽⁴⁾ 01/16/2019 Phone: ⁽⁵⁾ 402-471-3511

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2019-20</u> | | <u>FY 2020-21</u> | |
|--------------------|---------------------|-----------------------|---------------------|------------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | | | \$1,950,000 | |
| CASH FUNDS | \$475,026 | | 493,362 | |
| REVOLVING FUNDS | 98,710 | 98,710 ⁽¹⁾ | 100,490 | 100,490 ⁽¹⁾ |
| REVOLVING FUNDS | \$21,106 | | \$21,921 | |
| TOTAL FUNDS | <u>\$594,842</u> | <u>98,710</u> | <u>\$ 2,565,773</u> | <u>100,490</u> |

⁽¹⁾See below for source of revenue

Explanation of Estimate:

LB 95 will require all state agencies, boards, and commissions, including State Colleges and the University, to comply with local building and construction codes when they meet or exceed the standards of the state building code.

Passage of LB 95 would have a fiscal impact on the Task Force for Building Renewal (TFBR), State Building Division (SBD) and the Office of the Capitol Commission (OCC) as the result of higher construction and project costs. Although there would be additional costs at the design level to determine the impact of local building and construction codes, it is difficult to determine those additional costs. Project costs would increase for expenses associated with permit fees, inspections, and other regulatory expenses imposed by local governments. Construction costs could also increase as a result of local building codes exceeding the requirements of the state building code, such as local ordinances requiring brick façades, landscaping conditions, and other unforeseen conditions.

Local government permit fees are typically assessed on a base fee amount plus a factored dollar value of the construction project. For example, building permit fees for a \$1,000,000 construction project could add \$1,150 to the project (e.g., \$100 base fee plus \$1.050 per \$1,000 of construction cost). In addition to building permit fees, each construction project would require plan reviews and building code inspections by local building officials. Local building officials typically inspect foundations, framing, plumbing, HVAC, electrical, decks, fencing, and sidewalks, as well as complete final inspections prior to occupancy. Fees for each type of inspection are assessed by the local government, which would add to the cost of each project. Furthermore, project completions for state projects could be significantly delayed as a result of the permitting and inspection processes by the local governments.

Building permit and inspection fees imposed by local governments vary widely throughout the state. Some municipalities impose very high building permit and inspection fees while some do not impose any. Since there are approximately 530 municipalities and 93 counties, determining an accurate cost for LB 95 is difficult. For some guidance, RS Means Building Construction Cost Data (2017) estimates a range from 0.50% to 2.0% for permit fees. For commercial building construction, local government permit and inspection fees could easily range from 2.0% to 4.0% for State of Nebraska construction projects. The fee range would depend on the size and complexity of each project.

Task Force for Building Renewal (TFBR)

The DAS TFBR's fiscal impact estimate is based on the following assumptions: In FY2017-18 (the most recently completed fiscal year), the TFBR provided funding in the amount of \$14,704,572 for state agency construction contracts. To account for inflation, the DAS SBD's 2017 average rate for inflation of 3.86% per year is used to project the following total construction costs values; and an average of 3.0% is used to estimate the additional local government building permit and inspection fees:

| Fiscal Year | Projected Project Costs (increase of 3.86%) | Estimated Additional Fees (increase of 3.0%) | Type of Fund Impacted |
|-------------------------------------|--|---|----------------------------------|
| FY18-19 (updated for current FY) | \$15,272,168 | | |
| FY19-20 | \$15,834,184 | \$475,026 | Cash Fund |
| FY20-21 | \$16,445,384 | \$493,362 | Cash Fund |

It is noted LB 95 provides for the negotiation of fees between the state agency and the county, city, or village. However, at this time, no negotiations have taken place and the estimates provided do not consider lower negotiated permit and inspection fees.

Office of the Capitol Commission (OCC)

The OCC does not routinely administer projects that would be affected by this potential change in Legislation. However, OCC is currently administering such a project – the largest renovation in the Capitol's nearly 100-year history. Deducting the estimated Phase 1, Phase A and Phase B portions (\$26 million) of the cost from the project's construction-specific budget for the four remaining phases of this eight (8) year project, would result in an estimated increase in fees of \$1.95 million.

| Remaining Construction- Specific Project Costs | Estimated Additional Fees (increase of 3.0%) | Type of Fund Impacted |
|---|---|----------------------------------|
| \$65,000,000 | \$1,950,000 | General Funds |

Since this is a multi-year project, the impact is shown in FY 20-21, but would be spread over the estimated seven (7) remaining years of the project. The project would also incur additional design costs that cannot be determined at this time, but would be incurred over the remaining life of the project.

State Building Division (SBD)

SBD is already governed in its construction projects by numerous building codes pursuant to Neb. Rev. Stat. 71-6403, et seq. These codes include, but are not limited to, the state building code, International Building Code (IBC), International Energy Conservation Code (IECC), International Fire Code (IFC), Uniform Plumbing Code (UPC), National Electrical Code (NEC), 2010 ADA Standards for Accessible Design, Nebraska State Fire Code and National Fire Prevention Association (NFPA) code, and other building and construction codes.

SBD completed numerous (non-TFBR funded) projects in FY2017-18 (most recently completed fiscal year) at a cost of \$652,212. To account for inflation, the average rate for inflation of 3.86% per year is used to project the total construction costs values; and an average of 3.0% is used to estimate the additional local government building permit and inspection fees:

| Fiscal Year | Projected Project Costs (increase of 3.86%) | Estimated Additional Fees (increase of 3.0%) | Type of Fund Impacted |
|-------------------------------------|--|---|----------------------------------|
| FY18-19 (updated for current FY) | \$677,387 | | |
| FY19-20 | \$703,534 | \$21,106 | Revolving Fund |
| FY20-21 | \$730,690 | \$21,921 | Revolving Fund |

The above hard costs would be in addition to the indirect and unknown cost of complying with local government construction trends or material preferences, the costs of delay for plan applications, approvals, inspections and negotiations on permits and costs.

The addition of multiple building codes would also require research, review, and negotiations of each state projects' plans to verify compliance – thereby increasing a project's time-line and require additional internal staff time. This could reduce the number of projects that could be managed each year. In 2018, SBD worked on 112 major projects, of which 20 were finalized. Estimating an average of 20 hours per major project on an annual basis, SBD projects an additional number of hours in staff time at 2240 hours. (112 projects x 20 hrs = 2,240 hrs) As such, DAS-SBD would require an additional FTE - Architect with substantial construction and code compliance training and experience. To engage consultants to handle the needed research, draft local permit applications, manage local inspections, and negotiate rates would be cost prohibitive.

The estimated cost for this FTE is \$98,710 in FY19-20 and \$100,490 in FY20-21. These costs include salary and benefits (health insurance is based on the State's share of the highest cost family plan); ongoing annual operating costs (OCIO expenses including computer leasing costs, printing/publication, rent/depreciation surcharge, and other supplies. There would also be a one-time cost of \$1,500 in FY19-20 for set up costs and the purchase of new non-capitalized equipment (monitors, furniture, etc.)

The DAS-SBD architectural and engineer costs are covered by the rental rates that are charged for space in the state's office buildings, 24/7 facilities, etc., and there would be a need to increase those rental rates. These additional costs also would result in the need for additional revolving fund appropriation. The FY19-21 biennial rental rates have already been published and would need to be adjusted.

The table below summarizes the estimated impact by fund type of the increased rental rates. The allocation by fund type is based on a four (4) year [2015-2018] average of operating expenses.

| | FY19-20 | FY20-21 |
|--------------------|---------------------|---------------------|
| | Expenditures | Expenditures |
| General Funds | \$25,562 | \$26,024 |
| Cash Funds | \$37,070 | \$37,738 |
| Federal Funds | \$20,186 | \$20,550 |
| Revolving Funds | \$15,892 | \$16,178 |
| Total Funds | \$98,710 | \$100,490 |

Any increases to costs incurred by other DAS divisions can impact the enterprise due to possible increases in rates charged to other agencies for DAS goods and services.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2019-20</u> | <u>2020-21</u> |
|------------------------------|-----------------------------------|---------------------|----------------------------|----------------------------|
| | <u>19-20</u> | <u>20-21</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Architect | 1 | 1 | 57,432 | 58,580 |
| Benefits..... | | | 34,913 | 37,046 |
| Operating..... | | | 6,365 | 4,864 |
| Travel..... | | | | |
| Capital outlay..... | | | | |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | 98,710 | 100,490 |