

BILL ANALYSIS

AB 2160
Page 1

CONCURRENCE IN SENATE AMENDMENTS
AB 2160 (Lieu)
As Amended August 28, 2006
Majority vote

ASSEMBLY:	49-31	(May 31, 2006)	SENATE:	28-11	(August 29, 2006)
-----------	-------	----------------	---------	-------	-------------------

Original Committee Reference: NAT. RES.

SUMMARY : Requires the state to identify and develop appropriate financing and project delivery mechanisms to facilitate state and private sector commercial building projects that are energy and resource efficient. Specifically, this bill :

- 1) Requires the Department of General Services (DGS) to define a life-cycle cost analysis model to evaluate the cost effectiveness of state building design and construction decisions and their impact over the life of a building by July 1, 2007.
- 3) Requires the State Energy Resources Conservation and Development Commission (Commission), in consultation with DGS and the State Treasurer's Office, to identify and develop appropriate financing and project delivery mechanisms to facilitate state and private sector commercial building energy and resource efficient projects.
- 4) Requires the Commission to report its findings and recommendations on financial mechanisms to Governor's Green Action Team (GAT) by January 1, 2008.

The Senate amendments revise the state agencies responsible for this bill's requirements to:

- 1) Require DGS, rather than the Sustainable Building Task Force, to develop a life cycle cost analysis model.
- 2) Require the Commission, in consultation with DGS and the Treasurer's Office, to identify and develop financing and project delivery mechanisms for state building energy efficiency projects, rather than the Department of Finance (DOF).

AB 2160
Page 2

- 3) Require the Commission, rather than DOF, to report its findings and recommendations to GAT by January 1, 2008.

AS PASSED BY THE ASSEMBLY , this bill was substantially similar to the version approved by the Senate. _

FISCAL EFFECT : According to the Senate Appropriations Committee, the costs associated with fulfilling the requirements of this bill are dependent on the amount of effort expended. If DGS and the Commission each devote a person to the tasks for each of two years, the bill could cost \$100,000 (half year) in the current year, \$100,000 (half year) in the budget year.

COMMENTS : Green buildings have numerous environmental and economic benefits over the life of the building. The basic features of this type of construction are: focus on life-cycle cost analysis; siting new construction near mass transit; environmentally sound landscaping practices; energy efficient and sustainable materials and construction techniques; indoor and outdoor water efficiency; and, ongoing sustainable maintenance practices and products. The state has taken significant action in recent years to encourage sustainable development, including the adoption of Executive Order S-20-04, The Green Building Initiative (Initiative), which orders the state to take specified actions such as reducing state building electricity usage by 20% in 2015 and developing new and renovated state-owned facilities as LEED Silver or higher certified buildings.

According to the author, the identification and development of appropriate financing and project delivery mechanisms is one of the most critical pieces of the Initiative and is integral to facilitating state and private sector commercial green building development. The identification and development of appropriate financing and project delivery mechanisms is an important step in implementing the requirements of the Initiative, as all the

objectives are dependent upon funding. Although the Initiative directed the state to identify appropriate financing and project delivery mechanisms to achieve energy and resource efficiency goals, the state has not implemented this direction. This bill would codify this requirement, as well as the requirement that the state develop a related life-cycle cost analysis model.

While the state is currently incorporating sustainable building

AB 2160
Page 3

principles into new construction, it is not effectively retrofitting older buildings to address energy and resource efficiency. According to DGS, the major factor hindering retrofits of existing facilities is lack of funding. This bill attempts to address this issue by identifying funding alternatives for new and existing facilities.

Analysis Prepared by : Elizabeth MacMillan / NAT. RES. / (916)
319-2092

FN: 0017561