

### **3. Finance EBR**

DEPARTMENT OF FINANCE ENROLLED BILL REPORT

AMENDMENT DATE: August 28, 2006  
RECOMMENDATION: Veto

BILL NUMBER: AB 2160  
AUTHOR: T. Lieu

ASSEMBLY: 51/27  
SENATE: 28/11

**BILL SUMMARY: State Buildings: Green Building**

This bill will require the Department of General Services (DGS) to define a life-cycle cost analysis model that will be used to determine the energy cost-effectiveness of state building design and construction decisions. This bill will also require the State Energy Resources Conservation and Development Commission (Commission) to recommend financing and project delivery mechanisms to facilitate the state and private sector commercial building projects that are energy and resource efficient.

**FISCAL SUMMARY**

Any costs resulting from this bill will be minor and could be met within existing resources as this will not require more than what DGS and the Commission are already doing.

**COMMENTS**

The Department of Finance recommends vetoing this bill as it duplicates the Executive Order S-20-04 (EO) which is already in place and the same requirements have already been completed or are nearing completion.

The EO already commits the state to actively reduce the state's energy usage by constructing, retrofitting, and operating state buildings in an energy-efficient manner. According to the author's office, this bill will essentially codify the essential requirements of the EO with the following: (1) identify appropriate financing and project delivery mechanisms, and (2) develop a related life-cycle cost analysis model. The importance of this bill is based on the view that the requirements within the EO have not yet been met.

This bill will require the following activities which already have been completed by the Governor's Green Action Team (GAT):

- DGS will define a life-cycle cost analysis model that will be used to evaluate the cost effectiveness of state building design and construction decisions and their impact over the life of the building by July 1, 2007.
- The Commission, with DGS, and the State Treasurer's Office will identify and develop appropriate financing and project delivery mechanisms to facilitate state and private sector commercial building energy and resource efficient projects. The mechanisms will include the use of the life-cycle cost assessment methodology developed pursuant to this bill and will maximize the use of outside funding.
- The Commission will report its findings and recommendations on financing and delivery mechanisms to GAT by January 1, 2008.

Analyst/Principal	Date	Program Budget Manager	Date
(0672) T. Bierer	9/7/06	Fred Klass	9/7/06
<i>T. Bierer</i>		<i>Fred Klass</i>	
Department Director	Date		
<i>John Glynn</i>	9/12/06		

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BILL ANALYSIS/ENROLLED

REPORT-(CONTINUED)  
AMENDMENT DATE

Form DE-50  
BILL NUMBER

AUTHOR

August 28, 2006

AB 2180

T. Liu

Code/Department Agency or Revenue Type 0000/Var Depts	SO LA CO RV CO	PROP 98 No	FC	(Fiscal Impact by Fiscal Year) (Dollars in Thousands)			Fund Code 0001
				2006-2007 FC	2007-2008 FC	2008-2009	
				See Fiscal Summary			

**SUGGESTED VETO MESSAGE**

**AB 2160**

**(as amended August 28, 2006)**

I am returning Assembly Bill No. 2160 without my signature.

This bill will require the Department of General Services (DGS) to define a life-cycle cost analysis model that will be used to help determine the energy cost-effectiveness of state building design and construction decisions. This bill will also require the State Energy Resources Conservation and Development Commission (Commission) to recommend financing and project delivery mechanisms to facilitate the state and private sector commercial building projects that are energy and resource efficient.

I am vetoing this bill because it is not necessary. The referenced life-cycle cost model has already been developed by the Commission and the Department of Finance has been very active in the review of different mechanisms to finance state energy projects. Finally the main mission of the Commission is to facilitate private and public energy conservation measures to ensure that future energy supplies are cost effective, secure and reliable, enhance environmental quality, and promote state and local economic development. Therefore, we do not need another bill to tell them to do this.