

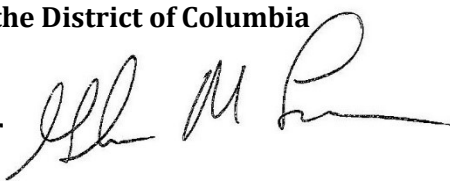
Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Glen Lee
Chief Financial Officer 

DATE: October 20, 2022

SUBJECT: Fiscal Impact Statement – Greener Government Buildings Amendment Act of 2022

REFERENCE: Bill 24-785, Committee Print as provided to the Office of Revenue Analysis on October 20, 2022

Conclusion

Funds are not sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. The bill will cost \$8.4 million in fiscal year 2023 and \$9.9 million in the four year financial plan.

Background

Under current law¹, the Mayor must develop regulations by December 31, 2026 requiring all newly constructed or substantially improved covered buildings be constructed to a net-zero energy building standard. Generally, a net zero building standard is one where a building is constructed with extensive energy efficiency elements and generates on-site renewable energy that covers the entire energy needs of the building. The Department of General Services (DGS) must apply these updated standards for any new construction or substantial improvements beginning January 1, 2027.

The bill accelerates the timeline and requires all new or substantially improved non-residential District-government owned buildings to meet net zero standards² upon the effective date of the bill.

¹ Clean Energy DC Building Code Amendment Act of 2022, effective September 21, 2022 (D.C. Law 24-177; D.C. Official Code § 6-1453.01(a)(3).

² As defined in section 2(33B) of the Green Buildings Act of 2006, effective March 8, 2007 (D.C. Law 16-234; D.C. Official Code § 6-1451.01(33B)

This means all projects in the current four-year budget and financial plan not already planned to meet net zero standards will now be subject to the mandate.

The bill codifies the Sustainability and Energy Division ("Division") within DGS and charges it with transforming District's utilities and building footprint through energy and sustainability efforts and for ensuring net zero energy compliance. It also requires the Division to prioritize net zero energy compliance in building construction projects.

The bill establishes a Net Zero Energy program within DGS, and requires DGS to provide periodic energy construction and maintenance training for facilities staff, certified business enterprises and interested parties. The training must cover principles of energy efficient construction applicable to net zero energy buildings, operational and maintenance needs of highly energy efficient buildings, types of renewable energy generation systems used in District government buildings, and operational and maintenance needs of renewable energy generation systems.

The bill requires DGS to report every two years on certified business enterprise (CBE) and resident employee participation in net zero energy and energy retrofitting projects. The report must include a list of DGS-managed net zero energy and energy retrofitting projects ongoing or completed during the prior two fiscal years exceeding \$250,000, the portion completed by CBEs, hours worked on the projects by District residents, and copies of any waivers from the CBE program obtained.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. The bill will cost \$8.4 million in fiscal year 2023 and \$9.9 million in the four year financial plan.

The bill accelerates net zero compliance requirements to include all District government building projects in the current four-year budget and financial plan. Any current or near-term projects not planned to be net zero compliant will now be subject to the mandate. DGS intends to build projects to a net zero standard whenever possible but indicates that not all buildings will be able to meet net zero standards, due to a range of potential issues including site constraints and historical building preservation requirements. To the extent that projects are unable to meet the requirements in the bill, and future regulations do not provide exceptions, planned projects may need to be delayed or cancelled.

The Department of General Services reviewed its planned school building projects and estimates that two projects have a planned completion date prior to 2026 could be capable of meeting net zero standards but are not currently planned as net zero projects. These projects will require an additional \$4 million each to meet the net zero mandates. DGS expects several other projects in the current budget and financial plan will have constraints that prevent them from meeting net zero standards. Additional costs for these projects are not included, since net zero is not expected to be possible for these projects. However, completion of the projects may be affected if future regulations do not allow them to move forward.

DGS is completing a review of non-school projects in the financial plan to determine if any of these projects may require additional funding to meet required standards, which could increase the cost of this bill. As of now, three projects have been identified as potential candidates for net zero standards,

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FIS: Bill 24-401, "Greener Government Buildings Amendment Act of 2022," Draft Committee Print as provided to the Office of Revenue Analysis on October 20, 2022

although the amount of funding needed is still being determined. The total cost of the bill could increase following DGS review of these projects.

DGS will also require operating funding to manage the training program, and for additional reporting and analysis required by accelerating the timeline of net zero requirements.

Greener Government Buildings Amendment Act of 2022					
Fiscal Year 2023 through Fiscal Year 2026					
Total Cost (\$ thousands)					
	FY 2023	FY 2024	FY 2025	FY 2026	Total
Personnel ^(a)	\$420	\$433	\$446	\$459	\$1,757
NPS for Training Support	\$40	\$40	\$40	\$40	\$160
Capital Funding for conforming identified projects to net zero standards ^(b)	\$8,000	\$0	\$0	\$0	\$8,000
TOTAL:	\$8,460	\$473	\$486	\$499	\$9,917

Table Notes:

^(a) 4 FTEs to include the 3 net zero specialists the Clean Energy DC Building Code Amendment Act of 2022, but were not originally needed until fiscal year 2025, but will now be required sooner; And 1 FTE to perform training and maintenance analysis.

^(b) As DGS continues its review of planned projects for net zero feasibility, the agency may determine additional projects require funding to meet the new standards. Refinements to the timing of required funding in the capital improvement plan may also be necessary.