

BILL # HB 2470

TITLE: state buildings; relifing study

SPONSOR: Pearce

STATUS: As Amended by House Appropriations

REQUESTED BY: House

PREPARED BY: Lorenzo Martinez

FISCAL ANALYSIS

Description

HB 2470, as amended by the House Appropriations Committee, would require each agency responsible for a state building system (Arizona Department of Administration, Arizona Board of Regents, and Arizona Department of Transportation) to support requests for building renovations or replacements with a relifing study.

Relifing is the concept of repairing or replacing major building components to extend the useful life of a building.

Estimated Impact

The estimated annual impact cannot be determined as the number of buildings included in capital funding requests varies year to year. The Arizona Department of Administration (ADOA) estimates that the bill requirements would cost \$0.10 per square foot. Arizona State University (ASU) and the University of Arizona (UofA) have indicated the studies could be done in-house and the bill would have no fiscal impact. Northern Arizona University (NAU) and the Arizona Department of Transportation (ADOT) are still evaluating the potential impact. Excluding building renewal requests and based only on individual renovation or replacement project requests for FY 2005, the following table shows the estimated costs for the relifing studies that would have been required for the projects.

Estimated Cost for FY 2005 Capital Project Requests ^{1/}				
<u>Building System</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Non-Approp Funds</u>	<u>Total</u>
ADOA	\$616,900	\$ -0-	\$16,400	\$633,300
ABOR ^{2/}	22,100	-0-	11,900	34,000
ADOT	<u>-0-</u>	<u>22,300</u>	<u>-0-</u>	<u>22,300</u>
Total	\$639,000	\$22,300	\$28,300	\$689,600

^{1/} Excludes building renewal requests.
^{2/} ASU and UofA estimate no fiscal impact.

There is the potential that relifing studies could generate savings if the study indicated it would be less costly to extend the life of a building rather than constructing a new building.

Analysis

Currently, agencies base funding requests for building renovations or building replacements on historical cost experience, in-house expertise, and/or contracted assessments. HB 2470 would require agencies to also conduct relifing studies to support funding requests.

Relifing is the concept of repairing or replacing major building components to extend the life of a building. Pursuant to the bill, the relifing study would calculate the weighted average service life (WASL) of a building. The WASL calculation is required to consider the (1) design life of major building components, (2) installed cost of the components, and (3) remaining life of existing components. The study would need to calculate the cost of extending the WASL by 5, 10, 15, and 25 years.

ADOA has indicated that it would require the assistance of architectural and engineering services to conduct the relifing studies. Based on historical cost experience for similar services, ADOA estimates the cost of conducting a relifing study to be \$0.10 per square foot. Excluding building renewal requests, there were 144 renovation/replacement-related projects requested for FY 2005 within the ADOA building system. These projects would involve approximately 6,333,400 square feet. See table in the Estimated Impact section for cost estimates based on these figures.

ASU and UofA have indicated that the studies could be conducted in-house and the legislation would not have a fiscal impact. NAU is still evaluating the impact of the legislation. Based on the FY 2005 capital requests for renovation/replacement-related projects (excluding building renewal requests), NAU had 3 projects involving 34,000 square feet. See table in the Estimated Impact section for cost estimates based on these figures and the ADOA estimated cost of \$0.10 per square foot.

ADOT is still evaluating the impact of the legislation. Based on the FY 2005 capital request for renovation/replacement-related projects (excluding building renewal requests), ADOT had 8 projects involving 222,700 square feet. See table in the Estimated Impact section for cost estimates based on these figures and the ADOA estimated cost of \$0.10 per square foot.

Annual renovation requests from each building system affect various buildings each year, thereby making it difficult to estimate any annual cost related to conducting relifing studies.

Based on the total square feet in each building system and the ADOA estimate of \$0.10 per square foot for a study, the following table shows the cost for each building system if a relifing study were done for every facility within one fiscal year. Actual costs would be lower since not every facility would require a study every year. See table in Estimated Impact section for estimated costs associated with FY 2005 renovation/replacement-related capital requests.

<u>Building System</u>	<u>Number of Facilities</u>	<u>Total Square Feet</u>	<u>Estimated Cost</u>
ADOA	2,789	18,500,000	\$1,850,000
ABOR ^{1/}	92	4,477,400	447,700
ADOT	<u>1,417</u>	<u>3,493,300</u>	<u>349,300</u>
Total	4,298	26,470,700	\$2,647,000

^{1/} Excludes 1,514 facilities and 15,412,100 square feet for ASU and UofA. ASU and UofA estimate no fiscal impact.