

Multiple Agency Fiscal Note Summary

Bill Number: 1390 2S HB	Title: District energy systems
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Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	1.4	431,713	431,713	431,713	.7	219,242	219,242	219,242	1.2	373,594	373,594	373,594
Department of Enterprise Services	Fiscal note not available											
Criminal Justice Training Commission	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Military Department	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Social and Health Services	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Veterans Affairs	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Children, Youth, and Families	Fiscal note not available											
Department of Corrections	Non-zero but indeterminate cost and/or savings. Please see discussion.											
University of Washington	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State University	Fiscal note not available											
Eastern Washington University	Fiscal note not available											
Central Washington University	Fiscal note not available											
The Evergreen State College	.0	0	0	0	.0	0	0	0	.0	0	0	0
Western Washington University	Fiscal note not available											
Department of Transportation	.0	0	0	0	.0	0	0	0	.0	0	0	0
State Parks and Recreation Commission	Fiscal note not available											
Community and Technical College System	Fiscal note not available											
Total \$	1.4	431,713	431,713	431,713	0.7	219,242	219,242	219,242	1.2	373,594	373,594	373,594

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Enterprise Services	Fiscal note not available								
Criminal Justice Training Commission	.0	0	0	.0	0	0	.0	0	0
Military Department	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	.0	750,000	750,000	.0	0	0	.0	0	0
Department of Social and Health Services	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Department of Veterans Affairs	1.0	700,000	700,000	1.0	300,000	300,000	1.0	300,000	300,000
Department of Veterans Affairs	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Department of Children, Youth, and Families	Fiscal note not available								
Department of Corrections	2.0	1,792,000	1,792,000	.0	0	0	.0	0	0
Department of Corrections	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
University of Washington	.0	3,000,000	3,000,000	.0	0	0	.0	0	0
University of Washington	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Washington State University	Fiscal note not available								
Eastern Washington University	Fiscal note not available								
Central Washington University	Fiscal note not available								
The Evergreen State College	.0	25,000	25,000	.0	0	0	.0	0	0
The Evergreen State College	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Western Washington University	Fiscal note not available								
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
State Parks and Recreation Commission	Fiscal note not available								
Community and Technical College System	Fiscal note not available								
Total \$	3.0	6,267,000	6,267,000	1.0	300,000	300,000	1.0	300,000	300,000

Estimated Capital Budget Breakout

Agency Name	2023-25	2025-27	2027-29
	Total	Total	Total
Department of Corrections			
Other	1,600,000	0	0
Staff	192,000	0	0
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
Department of Social and Health Services			
Other	750,000	0	0
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
Department of Veterans Affairs			
Predesign/Design	400,000	0	0
Staff	300,000	300,000	300,000
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
The Evergreen State College			
Predesign/Design	25,000	0	0
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
University of Washington			
Predesign/Design	3,000,000	0	0
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
Total \$	6,267,000	300,000	300,000

Prepared by: Gwen Stamey, OFM	Phone: (360) 790-1166	Date Published: Preliminary 3/ 8/2023
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Individual State Agency Fiscal Note

Bill Number: 1390 2S HB	Title: District energy systems	Agency: 103-Department of Commerce
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.4	1.4	1.4	0.7	1.2
Account					
General Fund-State 001-1	212,471	219,242	431,713	219,242	373,594
Total \$	212,471	219,242	431,713	219,242	373,594

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 03/06/2023
Agency Preparation: Dan Nguyen	Phone: (206) 454-2207	Date: 03/08/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 03/08/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 03/08/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Differences between 2SHB 1390 and the P2SHB 1390:

There are no differences between the 2SHB 1390 and the P2SHB 1390 that affect the fiscal impact to the Department of Commerce (department).

Summary of 2SHB 1390:

The bill requires the department to review and approve decarbonization plans and report to the legislature a summary of these plans.

This bill establishes an alternative compliance pathway for Clean Buildings compliance for state-owned campuses served by a district energy system that will allow for more time to make decarbonizing capital improvements.

Section 2(3) a new section is added to chapter 19.27A RCW requires the owner of a state campus district energy system to begin developing a decarbonization plan by June 30, 2024, and must submit a final decarbonization plan to the department by June 30, 2025. Every five years after June 30, 2025, the owner must resubmit the plan along with a progress report on implementation to the department.

Section 2(4) requires department to provide a summary report on the decarbonization plans required in subsection (3) of this section to the governor and appropriate committees of the legislature by December 1, 2025.

Section 2(6) states that owners of campus district energy systems (inclusive of private systems) can opt-in to the alternative compliance process for the clean buildings performance standard.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

By December 1, 2025, the department must develop a report to the legislature that is a summary report of all the decarbonization plans submitted and reviewed. This will require technical review every five years of decarbonization plans submitted from state-owned campuses and will be completed by department staff.

The department estimates that by including privately-owned campus district energy systems, the number of plans being reviewed will increase from 34 state-owned system plans to reviewing between 75 and 100 plans every five years. The department anticipates that for each submittal year, staffing efforts are required prior to and after to provide both guidance and technical assistance as well as review once the plans are received. For the initial submittal period, these costs would occur from FY24 through FY26, beginning July 1, 2024, and be completed by December 1, 2025. For the following submittal period, staffing needs would be from FY28 through FY30 and continue every five years (i.e. FY33-FY35) into the future as ongoing costs.

To accomplish this work the department estimates:

0.30 FTE EMS2 Senior Energy Policy Specialist (625 hours) in FY24-FY26 and FY28-FY29 to provide expert policy level consultation and review in development of the report.

0.70 FTE COM4 Commerce Specialist 4 (1,462 hours) in FY24-FY26 and FY28-FY29 to provide expert review of submitted decarbonization plans and provide technical assistance in the submittal of these plans.

0.20 FTE COM3 Commerce Specialist 3 (418 hours) in FY24-FY26 to create outreach and educational materials for campus district energy system owners to aid with decarbonization plan development.

Salaries and Benefits:

FY24: \$151,194

FY25-FY26: \$156,282 per fiscal year

FY28-FY29: 133,312 per fiscal year

Goods and Services:

FY24: \$11,534

FY25-FY26: \$11,543 per fiscal year

FY28-FY29: 9,625 per fiscal year

Intra-agency Reimbursement:

FY24: \$49,743

FY25-FY26: \$51,417 per fiscal year

FY28-FY29: \$43,860 per fiscal year

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

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Total Costs:

FY24: \$212,471

FY25-FY26: \$219,242 per fiscal year

FY28-FY29: \$186,797 per fiscal year

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	212,471	219,242	431,713	219,242	373,594
Total \$			212,471	219,242	431,713	219,242	373,594

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.4	1.4	1.4	0.7	1.2
A-Salaries and Wages	113,611	117,021	230,632	117,021	200,234
B-Employee Benefits	37,583	39,261	76,844	39,261	66,390
C-Professional Service Contracts					
E-Goods and Other Services	11,534	11,543	23,077	11,543	19,250
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	49,743	51,417	101,160	51,417	87,720
9-					
Total \$	212,471	219,242	431,713	219,242	373,594

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Services - Indirect	111,168	0.2	0.2	0.2	0.1	0.2
Commerce Specialist 3	82,056	0.2	0.2	0.2	0.1	
Commerce Specialist 4	86,212	0.7	0.7	0.7	0.4	0.7
EMS Band 2	122,841	0.3	0.3	0.3	0.2	0.3
Total FTEs		1.4	1.4	1.4	0.7	1.2

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1390 2S HB	Title: District energy systems	Agency: 227-Criminal Justice Training Commission
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 03/06/2023
Agency Preparation: Brian Elliott	Phone: 206-835-7337	Date: 03/07/2023
Agency Approval: Brian Elliott	Phone: 206-835-7337	Date: 03/07/2023
OFM Review: Seth Nickerson	Phone: (360) 995-3604	Date: 03/08/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 3(2)(g) provides a standard that must guarantee that a state campus district energy system, as defined in section 2 of this act, and all buildings connected to a state campus district energy system, are in compliance with any requirements for campus buildings to implement energy efficiency measures identified by an energy audit if:

- (i) The energy audit demonstrates the energy savings from the state campus district energy system energy efficiency measures will be greater than the energy efficiency measures identified for the campus buildings; and
- (ii) The state campus district energy system implements the energy efficiency measures.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

This bill has no cash receipt impact.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

In order to meet the requirements of this bill the Washington State Criminal Justice Training Commission would hire a contractor to perform the energy audit and predesign for the audit findings.

The expense for decarbonization construction to the agency is indeterminate as the results of an energy audit is unknown.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1390 2S HB	Title: District energy systems	Agency: 245-Military Department
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 03/06/2023
Agency Preparation: Serina Roberts	Phone: 2535127388	Date: 03/06/2023
Agency Approval: Regan Hesse	Phone: 253-512-7698	Date: 03/06/2023
OFM Review: Seth Nickerson	Phone: (360) 995-3604	Date: 03/08/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

There is no fiscal impact to MIL; the bill is not applicable to MIL.

This bill concerns district energy systems which are defined as systems owned by the state of Washington providing heating, cooling, or heating and cooling to five (5) or more buildings with more than 100,000 square of conditioned space. MIL does not have a heating or cooling system that meets the aforementioned district energy systems definition. MIL does not utilize a heating or cooling system that services multiple buildings; e.g., centralized boiler for heat. Each MIL facility/building has its own standalone heating and/or cooling system.

It is cost prohibitive, using Camp Murray as an example, to eliminate each building's standalone heating/cooling system(s) and replace them with centralized heating/cooling system. Through heating/cooling standalone upgrades and replacements, MIL strives to utilize greater efficiency and environmental sustainable equipment.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1390 2S HB	Title: District energy systems	Agency: 300-Department of Social and Health Services
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	750,000	0	0	0	0	0
Total \$	750,000	0	0	0	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 03/06/2023
Agency Preparation: Bill Jordan	Phone: 360-902-8183	Date: 03/07/2023
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 03/07/2023
OFM Review: Seth Nickerson	Phone: (360) 995-3604	Date: 03/08/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

2SHB 1390 requires the Department of Social and Health Services (DSHS), Capital Programs to hire a professional consultant to assess existing campus district energy systems and complete a predesign effort to meet the new Decarbonization Plan requirements as proposed.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

None

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Please see Section IV-D, Capital Budget Breakout.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	750,000	0	750,000	0	0
Total \$			750,000	0	750,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	750,000		750,000		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	750,000	0	750,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Predesign/Design					
Construction					
Grants/Loans					
Staff					
Other	750,000		750,000		
Total \$	750,000		750,000		

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

2SHB 1390 requires DSHS, Capital Programs to hire a professional consultant to assess existing campus district energy systems and complete a predesign effort to meet the new Decarbonization Plan requirements as proposed. DSHS has seven state owned campuses that meet the 100,000 square fee requirement in the bill. DSHS Capital Programs is estimating the costs for the project consultant and project management fees that will be incurred to meet the requirements of the bill to be \$750,000.

INDETERMINATE COSTS:

In addition to the costs shown above, it is anticipated there would be construction costs related to the implementation of the decarbonization plans. Until plans are developed, it is not known what these costs would be.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Revised

Bill Number: 1390 2S HB	Title: District energy systems	Agency: 305-Department of Veterans Affairs
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Pre-design/Design	0	400,000	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	150,000	150,000	150,000	150,000	150,000	150,000
Other	0	0	0	0	0	0
Total \$	150,000	550,000	150,000	150,000	150,000	150,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 03/06/2023
Agency Preparation: Chony Culley	Phone: 3604808127	Date: 03/07/2023
Agency Approval: Yacob Zekarias	Phone: 253-545-1942	Date: 03/07/2023
OFM Review: Seth Nickerson	Phone: (360) 995-3604	Date: 03/08/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

The second substitute bill generates no additional fiscal impact to Washington State Department of Veterans Affairs (WDVA) compared to the previous version.

The changes in this bill include modified definition of impacted entities and campuses.

Section 2 generates fiscal impact to WDVA by requiring the agency, as owners of state campus district energy systems, to develop a 15-year decarbonization plan for the systems.

Costs for implementation of the decarbonization plan are indeterminate at this point.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	150,000	550,000	700,000	300,000	300,000
Total \$			150,000	550,000	700,000	300,000	300,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.0	1.0	1.0	1.0	1.0
A-Salaries and Wages	94,000	94,000	188,000	188,000	188,000
B-Employee Benefits	30,000	30,000	60,000	60,000	60,000
C-Professional Service Contracts		400,000	400,000		
E-Goods and Other Services	2,000	2,000	4,000	4,000	4,000
G-Travel	3,000	3,000	6,000	6,000	6,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	21,000	21,000	42,000	42,000	42,000
9-					
Total \$	150,000	550,000	700,000	300,000	300,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Predesign/Design		400,000	400,000		
Construction					
Grants/Loans					
Staff	150,000	150,000	300,000	300,000	300,000
Other					
Total \$	150,000	550,000	700,000	300,000	300,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
542I: FACILITIES SENIOR PLANN	93,840	1.0	1.0	1.0	1.0	1.0
Total FTEs		1.0	1.0	1.0	1.0	1.0

Assumption: the costs for implementation of the decarbonization plan are separate and indeterminate at this point.

Section 2 requires an owner of a state campus district energy system to develop a 15-year decarbonization plan for that system. Owners must begin plan development by June 30, 2024, and must submit a final plan to the Department of Commerce (COM) by June 30, 2025. Every five years after June 30, 2025, the owner must resubmit the plan, along with a progress report on the implementation, to COM.

WDVA currently operates two campuses (Port Orchard and Orting) that meet the definition of a state campus district energy system. WDVA assumes a \$400,000 impact (\$200,000 per system) in FY25 for contracted engineering services for the study and drafting of the respective decarbonization plans:

- Engineer: \$150/hr, 80 hrs/month @ 10 months = \$120,000
- Principle: \$200/hr, 40 hrs/month @ 10 months = \$80,000

WDVA also assumes 1.0 FTE impact (Facilities Senior Planner) for government oversight of the decarbonization plan development: e.g., working with the contractor, monitoring deliverables, and assembling the final product in compliance with

COM reporting requirements. The Planner will also be responsible for tracking the implementation progress of the decarbonization plan, which entails integration into a comprehensive master facilities plan comprised of four veterans homes facilities with a total 570 bed capacity, two transitional housing facilities with a total 220 bed capacity, and a veterans cemetery, as well as conducting an investment-grade audit, creating energy service proposals, and preparing the progress report and plan resubmittal to COM.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1390 2S HB	Title: District energy systems	Agency: 310-Department of Corrections
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Pre-design/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	96,000	96,000	0	0	0	0
Other	800,000	800,000	0	0	0	0
Total \$	896,000	896,000	0	0	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 03/06/2023
Agency Preparation: Stephanie Marty	Phone: (360) 725-8428	Date: 03/08/2023
Agency Approval: Ronell Witt	Phone: (360) 725-8428	Date: 03/08/2023
OFM Review: Seth Nickerson	Phone: (360) 995-3604	Date: 03/08/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

The 2S HB 1390 bill proposes developing decarbonization plans for state-owned building campuses as an alternate route towards compliance with clean building standards. This second substitute bill would allow campus district energy systems with two private owners to opt into the process for approval of an alternative compliance pathway for the state energy performance standard. Allows campus district energy systems with at least three connected buildings to also opt into the alternative compliance pathway. This approach will allow for the necessary time and expertise to develop a roadmap towards decarbonization of Department of Corrections (DOC) facilities.

2S HB and P2 S HB amend the following:

Section 2(b) states a campus district energy system means a district energy system that provides heating, cooling, or heating and cooling to a campus through a distributed system providing steam, hot water, or cool water to three or more buildings with more than 100,000 square feet of combined conditioned space, where the system and all connected buildings are owned by (i) a single entity; (ii) A public-private partnership in which a private entity owns the systems providing heating, cooling, or heating and cooling to buildings owned by one public entity; or (iii) two private entities in which one private entity owns the connected buildings and another private entity owns the system providing heating, cooling, or heating and cooling to the buildings. (c) state campus district energy system means a district energy system that provides heating, cooling, or heating and cooling to a campus through a distributed system providing steam, hot water, or cool water to five or more buildings with more than 100,000 square feet of combined conditioned space, where the system and all connected buildings are owned by the state of Washington or by a public-private partnership including one public buildings owner and one private.

HB 1390 states the following:

Section 1 amends RCW 19.27A.210 stating that maintaining and upgrading existing district energy systems is essential for humane living, working, and learning conditions in correctional facilities. Ensuring facilities are investing in district energy plans will allow DOC options for resources such as federal grants, capital, operating and other climate resource funding over multiple budget cycles.

Section 2 amends RCW Chapter 19.27A and defines state owned buildings with more than 100,000 square feet of conditioned space are defined as district energy systems. DOC must consult with the electric utility during decarbonization plan development and prepare a decarbonization plan by June 30, 2024, with a submission date to Department of Commerce by June 30, 2025.

Section 3 amends RCW 19.27A.210 and states that the Department of Commerce must guarantee a state campus district energy system, as defined in section 2 of this act, and all buildings connected to a state campus district energy system, are in compliance with any requirements for campus buildings to implement energy efficiency measures identified by an energy audit if the energy audit demonstrates the energy savings from the state campus district energy system energy efficiency measures will be greater than the energy efficiency measures identified for the campus buildings; and the state campus district energy system implements the energy efficiency measures. The Asset Planner software database has already been established and should meet or exceed the compliance requirements for reporting measures in this section. Reporting measures are due for buildings more than 220,000 gross square feet on June 1, 2026, for buildings more than 90,000 gross square feet, but less than 220,001 gross square feet, June 1, 2027, and for buildings more than 50,000 gross square feet, but less than 90,001 gross square feet, June 1, 2028, and every five years thereafter. Failure to submit documentation will result in a fine.

SHB 1390 amends the following sections:

Section 2(a) amends the owner of a state campus district energy system must develop a decarbonization plan that provides a strategy for up to 15 years for the state campus district energy system.

Section 2(a)(i) amends including a schedule for replacement of mechanisms to replace fossil fuels in the heating plants.

Section 2(a)(iv) amends that an evaluation, prioritization, and scheduled plan of reducing energy use through conservation efforts both at the central plant and in the buildings connected to district energy systems that results in meeting the campus

energy use intensity target.

Section 2(b) amends the owner of a state campus district energy system is encouraged to include distribution network upgrades in a decarbonization plan.

Section 2(3)(a) amends that decarbonization plans must be reviewed and approved by the department of commerce and must be revised and resubmitted if it does not meet standards as determined by the department of commerce.

Section 2(3)(c) amends that every five years after June 30, 2025, the owner of a state campus district energy system must resubmit the decarbonization plan, along with a progress report on the implementation of the decarbonization plan, to the department of commerce.

Section 2(5) amends that the owner of a state campus district energy system is not required to meet the energy use intensity target in all the connected buildings that are heated, cooled, or heated and cooled by the system, or to conduct an investment grade audit, to otherwise comply with the state energy performance standard requirements in RCW 8 19.27A.200 through 19.27A.250 if the following conditions for an alternative compliance pathway are met: the owner of a state campus district energy system is implementing a department of commerce-approved decarbonization plan or has fully implemented a department of commerce-approved decarbonization plan for the state campus district energy system and all of its connected buildings that, when fully implemented, meets the energy use intensity target established for the campus at the time of required measurement and verification. The owner may apply for phased implementation through conditional compliance in accordance with requirements of the decarbonization plan; the owner of the state campus district energy system meets the benchmarking, energy management, and operations and maintenance planning requirements under RCW 19.27A.200 through 19.27A.250 for the state campus district energy system and all of its connected buildings; and the owner of a state campus district energy system submits a request to the department of commerce once during every five-year compliance cycle as part of documentation submitted in accordance with RCW 19.27A.210(7), and the department of commerce approves the request.

Section 2(6) amends that the owner of a campus district energy system may submit a request to the department of commerce to opt-in to the process for approval of an alternative compliance pathway as outlined in this section. If approved by the department of commerce, the campus district energy system must follow all the requirements outlined for a state campus district energy system in this section, and the department of commerce must apply all authorities granted under this section for state campus district energy systems to such a campus district energy system.

Section 3(e) amends RCW 19.27A.210 by adding language that may not require the owner of a state campus district energy system, as defined in section 2 of this act, to make capital investments to the state campus district energy system or its connected buildings to comply with the state energy performance standard if the owner of the state campus district energy system is implementing or has fully implemented a decarbonization plan. The owner of a state campus district energy system must still comply with benchmarking, energy management, and operations and maintenance planning requirements for the state campus district energy system and its connected buildings under this chapter. The owner of a state campus district energy system may not be required to implement more than one energy management plan and more than one operation and maintenance plan for the campus.

Section 3(f) amends RCW 19.27A.210 by adding language that must guarantee that a state campus district energy system, as defined in section 2 of this act, and all buildings connected to a state campus district energy system, are in compliance with any requirements for campus buildings to implement energy efficiency measures identified by an energy audit if the energy audit demonstrates the energy savings from the state campus district energy system energy efficiency measures will be greater than the energy efficiency measures identified for the campus buildings and the state campus district energy system implements the energy efficiency measures.

Effective date is assumed 90 days after adjournment of session in which this bill is passed.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

None.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The fiscal impacts of this bill on the budget are indeterminate but assumed to be greater than \$50,000 per Fiscal Year (FY).

Implementation of this bill would require DOC to conduct a statewide feasibility study (or predesign study) and energy audits at all prison and reentry center campuses, both those with district heating systems and those that might benefit from investment in district heating systems.

For illustrative purposes, in the Regulatory Compliance decision package submitted in the 2023-25 budget request, DOC developed cost estimates to contract out similar statewide studies and energy audits to meet the requirements of the Clean Buildings Performance Standard. The total estimated costs would be approximately \$1,792,000 and can be summarized as follows:

- Statewide Feasibility Study - \$500,000
- Statewide Energy Audits - \$1,100,000
- 2 x Security Escorts for 12 months - \$192,000

We expect these costs would initially be funded through the operating budget but could eventually lead to projects that would be submitted in future capital budget requests.

The implementation dates in this bill are only feasible if funding is provided to DOC to complete this work.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	896,000	896,000	1,792,000	0	0
Total \$			896,000	896,000	1,792,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	2.0	2.0	2.0		
A-Salaries and Wages	70,000	70,000	140,000		
B-Employee Benefits	26,000	26,000	52,000		
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays	800,000	800,000	1,600,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	896,000	896,000	1,792,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Predesign/Design					
Construction					
Grants/Loans					
Staff	96,000	96,000	192,000		
Other	800,000	800,000	1,600,000		
Total \$	896,000	896,000	1,792,000		

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Corrections & Custody Officer 3 (security escorts)	96,000	2.0	2.0	2.0		
Total FTEs		2.0	2.0	2.0		0.0

The fiscal impacts of this bill on the capital budget are indeterminate but assumed to be greater than \$50,000 per Fiscal Year (FY). These future Capital project requests would be identified in the feasibility study and energy audits described in the Expenditures section above.

Implementation of this bill would require DOC to conduct a statewide feasibility study (or predesign study) and energy audits at all prison and reentry center campuses, both those with district heating systems and those that might benefit from investment in district heating systems.

For illustrative purposes, in the Regulatory Compliance decision package submitted in the 2023-25 budget request, DOC developed cost estimates to contract out similar statewide studies and energy audits to meet the requirements of the Clean Buildings Performance Standard. The total estimated costs would be approximately \$1,792,000 and can be summarized as follows:

Statewide Feasibility Study - \$500,000
 Statewide Energy Audits - \$1,100,000

2 x Security Escorts for 12 months - \$192,000

We expect these costs would initially be funded through the operating budget but could eventually lead to projects that would be submitted in future capital budget requests.

The implementation dates in this bill are only feasible if funding is provided to DOC to complete this work.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1390 2S HB	Title: District energy systems	Agency: 360-University of Washington
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	2,500,000	500,000	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	2,500,000	500,000	0	0	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 03/06/2023
Agency Preparation: Charlotte Shannon	Phone: 2066858868	Date: 03/06/2023
Agency Approval: Charlotte Shannon	Phone: 2066858868	Date: 03/06/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 03/07/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

The second substitute bill makes the following changes:

Allows campus district energy systems with two private owners to opt into the process for approval of an alternative compliance pathway for the state energy performance standard. Allows campus district energy systems, with at least three, rather than at least five, connected buildings to also opt into the alternative compliance pathway.

UW FISCAL IMPACTS FROM SUBSTITUTE BILL:

The University of Washington (UW) assumes no changes to our fiscal note resulting from the substitute bill, and is therefore submitting the same fiscal note.

Overall 2SHB 1390 amends the Washington State Clean Buildings Performance Standard (CBPS), requires owners of state campus district energy systems to develop and submit decarbonization plans to the Department of Commerce, prescribes what must be included in their decarbonization plan, and exempts state campus district energy systems from capital investments to the state campus district energy system if they have begun implementing or fully implementing their decarbonization plan.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

SECTION 1:

Provides an intent section, and recognizes that building decarbonization is necessary to achieve the state's climate goals. This section also states “for state-owned facilities connected to district energy systems, the legislature recognizes that it may take years, multiple budget cycles, and commitments as anchor customers to develop and upgrade campus district energy systems, but remains committed to steadily investing in plans developed by these agencies and their selected providers. Having plans for multiyear customer commitments or spending programs will set the state and private sector up well for applying for federal grants and resources and to appropriately plan capital, operating, and climate commitment act funding for these investments over time.”

FISCAL IMPACTS OF SECTION 1:

The University of Washington (UW) does not anticipate any fiscal impacts from Section 1, however this section recognizes the challenges of implementation, and provides that this will occur over many years, and budget cycles, which informs the indeterminate impacts for implementation of the UW’s decarbonization plan noted in the capital expenditures section below

See additional determinate and indeterminate capital expenditures below.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	2,500,000	500,000	3,000,000	0	0
Total \$			2,500,000	500,000	3,000,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	2,500,000	500,000	3,000,000		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	2,500,000	500,000	3,000,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Predesign/Design	2,500,000	500,000	3,000,000		
Construction					
Grants/Loans					
Staff					
Other					
Total \$	2,500,000	500,000	3,000,000		

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

SECTION 2:

- This section provides definitions of key terms including "State campus district energy system" to mean a district energy system that provides heating, cooling, or heating and cooling to a campus through a distributed system providing steam, hot water, or cool water to five or more buildings with more than 100,000 square feet of conditioned space and is owned by the state of Washington.
- Section 2 (2)(a) Requires the “owner” of a state campus district energy system must develop a decarbonization plan that includes:
 - o (i) Mechanisms to replace fossil fuels in the heating plants
 - o (ii) An evaluation of possible options to partner with nearby sources and uses of waste heat and cooling
 - o (iii) An examination of opportunities to add buildings or other facilities to the system once it is decarbonized, a strategy to incentivize growth of a decarbonized system, and requirements for facilities joining the system; and
 - o (iv) An evaluation of the potential for reduced energy use through conservation efforts.
- Section 2 (2)(c) The owner of a state campus district energy system must consult with the electric utility serving the site of the system during decarbonization plan development.
- Section 2 (3) The owner of a state campus district energy system must begin developing a decarbonization plan by June 30, 2024, and must submit a final decarbonization plan to the department of commerce by June 30, 2025.
- Section 2 (5)(a) The owner of a state campus district energy system is not required to make capital investments to the state campus district energy system and all the connected buildings that are heated, cooled, or heated and cooled by the system, to otherwise comply with the state energy performance standard requirements if:
 - o (i) The owner of a state campus district energy system is implementing a decarbonization plan or has fully implemented a decarbonization plan for the state campus district energy system and all of its connected buildings; and
 - o (ii) The owner of the state campus district energy system meets the benchmarking, energy management, and operations and maintenance planning requirements for the state campus district energy system and all of its connected buildings.
 - o (b) The owner of a state campus district energy system may not be required to make capital investments if the owner submits a request to the department of commerce once during every five-year compliance cycle as part of documentation submitted in accordance with RCW 37 19.27A.210, and the department of commerce approves the request.

FISCAL IMPACTS OF SECTION 2:

DETERMINATE:

- \$3,000,000 over the biennium to develop the University of Washington (UW) decarbonization plan in accordance with Section 2(2)(a) of this bill. We believe the majority of the activity would be in FY24, but given the timelines, a biennial appropriation would allow more flexibility. Due to system requirements, costs are reflected in tables as \$2.5M in FY24 and \$500,000 in FY25).

- The UW has developed a proposal (that was included in the Governor’s 2023-25 operating budget proposal as a biennial appropriation of \$3,000,000 from the Climate Commitment Account), to retain an energy services partner to conduct the detailed engineering analysis necessary to refine the UW’s decarbonization strategy and plan. This will include timelines of the various phases of UW’s energy strategy, refined cost estimates, and overall coordination to turn this strategy into an implementation plan that is aligned with other university strategic initiatives, in addition to meeting the requirements of Section 2(2)(a) of this bill. The University of Washington operates one of the largest district heating systems in the state, and therefore requires significant technical expertise and coordination across public agencies, universities, hospitals, and cities in order to decarbonize our heating system.
- Any additional reporting and development burden of the decarbonization plan on UW Facilities staff would be negated by the reductions in administrative burden required for compliance with CBPS. These impacts are indeterminate, but would likely result in net reduced administration for compliance with the development of the decarbonization plan, as opposed to compliance with CBPS, and could be absorbed within existing resources.

INDETERMINATE:

Section 2 (2)(a) provides that the UW, as the owner of the state campus district energy system, would not be required to make capital investments to the state campus district energy system and associated buildings, if they are implementing a decarbonization plan or have fully implemented a decarbonization plan; and The owner of the state campus district energy system meets the benchmarking, energy management, and operations and maintenance planning requirements for the state campus district energy system and all of its connected buildings.

While Section 2 prescribes the dates by which the UW would need to start developing a decarbonization plan, and the date by which the UW must complete the development of a decarbonization plan and submit it to the Department of Commerce, it does not prescribe dates for the implementation of the decarbonization plan. However, Section 2 (2)(a) this subsection provides that the UW must begin implementing or fully implement our decarbonization plan in order to not be required to make capital investments to the state campus district energy system. The UW’s initial estimates, which will continue to be refined through the development of their decarbonization plan, are that implementation will cost approximately \$550 million over 15 years. The fiscal impacts of implementation are significant and largely indeterminate for the purposes of this fiscal note given they will be refined through the development of the decarbonization plan, implementation timelines across fiscal years are not known at this time, and this legislation does not explicitly prescribe implementation dates.

SECTION 3:

- Section 3 (2)(e) adds: The department may not require the owner of a state campus district energy system, as defined in section 2 of this act, to make capital investments to the state campus district energy system or its connected buildings to comply with the state energy performance standard if the owner of the state campus district energy system is implementing or has fully implemented a decarbonization plan. The owner of a state campus district energy system must still comply with benchmarking, energy management, and operations and maintenance planning requirements for the state campus district energy system and its connected buildings under this chapter. The owner of a state campus district energy system may not be required to implement more than one energy management plan and more than one operations and maintenance plan for the campus.
- Section 3 (2)(f) adds: The department must guarantee that a state campus district energy system, as defined in section 2 of this act, and all buildings connected to a state campus district energy system, are in compliance with any requirements for campus buildings to implement energy efficiency measures identified by an energy audit if:
 - (i) The energy audit demonstrates the energy savings from the state campus district energy system energy efficiency measures will be greater than the energy efficiency measures identified for the campus buildings; and
 - (ii) The state campus district energy system implements the energy efficiency measures.

FISCAL IMPACTS OF SECTION 3:

INDETERMINATE:

- As noted above in the indeterminate impacts for Section 2, Section 3 (2)(e) provides that the Department of Commerce cannot require the UW to make capital investments to the state campus district energy system and associated buildings, if they have begun implementing or fully implemented their decarbonization plan.
- UW’s initial estimates, which will continue to be refined through the development of their decarbonization plan, are that implementation will cost approximately \$550 million over 15 years.
- The fiscal impacts of implementation are significant and largely indeterminate for the purposes of this fiscal note given they will be refined through the development of the decarbonization plan, implementation timelines across fiscal years are not known at this time, and this legislation does not explicitly prescribe implementation dates.
- In addition Section 3 (2)(e) clarifies that the UW would now only need one energy management plan and one operations and maintenance plan for the campus, rather than for every building, which would streamline UW’s decarbonization efforts, and potentially reduce the administrative burden for compliance, but not produce determinate cost savings for the purposes of this fiscal note.
- Once the UW has begun implementing its decarbonization plan, we would be exempt from capital investments in the state’s campus district energy system and associated buildings. We estimate that this could produce cost savings to the UW of approximately \$26 million every five years (starting in 2026, which is the beginning of the first CBPS 5-year compliance period). Given these savings would only occur once the implementation of the decarbonization plan has started, the UW anticipates the estimated cost savings would be directed towards the significant costs of implementation of the plan.

TOTAL UW CAPITAL FISCAL IMPACTS FOR 2SHB 1390:

DETERMINATE:

- \$3,000,000 over FY24 and FY25 for the development of the decarbonization plan.

INDETERMINATE:

- Implementation costs for the decarbonization plan, estimated at \$550 million over 15 years.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1390 2S HB	Title: District energy systems	Agency: 376-The Evergreen State College
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	25,000	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	25,000	0	0	0	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 03/06/2023
Agency Preparation: Daniel Ralph	Phone: 360-867-6500	Date: 03/07/2023
Agency Approval: Dane Apalategui	Phone: 360-867-6517	Date: 03/07/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 03/07/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

2S HB 1390 relates to district energy systems.

Section 2 (1) (b) revises the number of buildings in a campus district energy system from five or more to three or more.

Section 2 (1) (b) (iii) adds “two private entities in which one private entity owns the connected buildings and another private entity owns the system providing heating, cooling, or heating and cooling” to the definition of “campus district energy system.”

Section 2 (1) (c) revises the definition of “state campus district energy system” to mean a system that provides heating, cooling, or heating and cooling to a campus through a distributed system providing steam, hot water, or cool water to five or more buildings with more than 100,000 square feet of combined conditioned space, where the buildings are owned by the state of Washington.

The revisions included in 2S HB 1390 do not affect the fiscal impact as it was estimated in the previous version of the bill.

S HB 1390 relates to district energy systems

Section 2 (1) (c) defines “state campus energy system” as one owned by the State of Washington or by a public-private partnership including one public building owner and one private entity.

Section 2 (3) (c) requires owners of state campus energy systems to resubmit the decarbonization plan, along with a progress report on the implementation of the plan, every five years after June 30, 2025.

Section 2 (6) states that the owner of a campus district energy system may submit a request to opt-in to the process for approval of an alternative compliance pathway. If approved, they would have to comply with all of the requirements for a state campus energy system, and the Department of Commerce would apply all authorities as it would for a state campus energy system.

HB 1390 relates to district energy systems.

Section 2 (1) defines “campus” and “state campus energy district system.”

Section 2 (2) (a) requires owners of state campus energy districts to develop de-carbonization plans that include (i) mechanisms to replace fossil fuels in the heating plants, (ii) an evaluation of nearby resources that might provide options for sharing waste heat and cooling, and (iii) an examination of opportunities to add buildings or other facilities to the system once it is decarbonized, a strategy to incentivize growth of a decarbonized system, and requirements for facilities joining the system, and (iv) an evaluation of the possibility of reducing energy through conservation efforts.

Section 2 (3) requires that the owner must begin developing a decarbonization plan by June 30, 2024 and must submit one to the Department of Commerce by June 30, 2025.

Section 2 (5) (a) states that owners will not be required to make capital investments in order to comply with the meet the performance standard requirements identified in RCW 19.27A.200 and RCW 19.27A.250 if (i) a decarbonization plan is being implemented or has been implemented and (ii) the system meets the performance requirements in the above RCW's.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	25,000	0	25,000	0	0
Total \$			25,000	0	25,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	25,000		25,000		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	25,000	0	25,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Predesign/Design	25,000		25,000		
Construction					
Grants/Loans					
Staff					
Other					
Total \$	25,000		25,000		

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

In order to comply with this bill, we will need to review and revise our existing energy plan. We estimate the cost to hire a consultant to assist in this endeavor at \$25,000, 100 hours x \$250 per hour.

While construction costs are indeterminate, we have estimated our construction costs as follows:

They include a 4% increase each year for estimated construction cost increases:

FY2024...\$3,000,000; FY2025...\$10,000,000; FY2026...\$10,400,000; FY2027...\$10,816,000; FY2028...\$11,249,000; FY2029...\$11,699,000; FY2030...\$12,167,000; FY2031...\$12,654,000

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1390 2S HB	Title: District energy systems	Agency: 405-Department of Transportation
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 03/06/2023
Agency Preparation: Misun Peck	Phone: 360-705-7892	Date: 03/08/2023
Agency Approval: Mark Smith	Phone: 360-705-7890	Date: 03/08/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 03/08/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

See attached WSDOT fiscal note.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 2SHB 1390	Title: District Energy Systems	Agency: 405-Department of Transportation
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Part I: Estimates

Check applicable boxes and follow corresponding instructions, use the fiscal template table provided to show fiscal impact by account, object, and program (if necessary), **add rows if needed**. If no fiscal impact, check the box below, skip fiscal template table, and go to Part II to explain briefly, why the program believes there will be no fiscal impact to the department.

No Fiscal Impact (Explain in section II. A)

If a fiscal note is assigned to our agency, someone believes there might be, and we need to address that, showing why there is no impact to the department.

Indeterminate Cash Receipts Impact (Explain in section II. B)

Indeterminate Expenditure Impact (Explain in section II. C)

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, **complete entire fiscal note form Parts I-V**

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, **complete entire fiscal note form Parts I-V**

Capital budget impact, **complete Part IV**

Requires new rule making, **complete Part V**

Revised

Agency Assumptions

N/A

Agency Contacts:

Preparer: Misun Peck	Phone: 360-705-7892	Date: 3/6/2023
Approval: Mark Smith	Phone: 360-705-7890	Date: 3/6/2023
Budget Manager: Stephanie Hardin	Phone: 360-705-7545	Date: 3/6/2023

Individual State Agency Fiscal Note

Part II: Narrative Explanation

II. A - Brief description of what the measure does that has fiscal impact.

Briefly describe by section number (sections that will change WSDOT costs or revenue), the significant provisions of the bill, and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency.

Second Substitute House Bill (2SHB) 1390 establishes an alternative compliance pathway to meet the state energy performance standards for an owner (state agency) of a state campus district energy system. To qualify, the building owner must have or do the following:

- A decarbonization plan approved by Department of Commerce before implementing.
- Meet benchmarking, energy management, and operations and maintenance planning requirements for the state campus district energy system and all its connected building.
- A plan approved by Department of Commerce every five years.

The second substitute bill also provides building owners of nonstate owed campus district energy systems the option to pursue the alternative compliance path.

Section 2 (1c): This section provides definitions and directs owners of state campus district systems buildings to develop a decarbonization plan by June 30, 2024. This requirement applies to five or more system-connected buildings with more than 100,000 square feet of combined conditioned space where the state or another public entity is owner of the buildings and systems. The building owners are directed to submit plans to the Department of Commerce for approval by June 30, 2025, and every five years thereafter. Provisions are also made for non-state campus district systems.

The Washington State Department of Transportation (WSDOT) is not affected by this bill in the original or the substitute versions, see more info below in IIC.

II. B – Cash Receipts Impact

Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

N/A

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

There is no fiscal impact WSDOT from 2SHB 1390. WSDOT does not qualify for the requirements in this bill because the agency does not have any installations/systems that meet the definition of a state campus district energy system. Also, the agency does not own five or more system connected buildings with more than 100,000 square feet of combined conditioned space.

Part III: Expenditure Detail

III. A - Expenditures by Object or Purpose

N/A

Part IV: Capital Budget Impact

N/A

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

N/A