HB 637

Department of Legislative Services

Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

House Bill 637 (Montgomery County Delegation and Prince George's County Delegation)

Environmental Matters Education, Health, and Environmental Affairs

Maryland-National Capital Park and Planning Commission - High Performance Buildings
MC/PG 101-13

This bill requires the Maryland-National Capital Park and Planning Commission (M-NCPPC) to employ green building technologies when constructing or renovating certain commission-owned buildings. A high-performance building must meet the criteria and standards established under the "High Efficiency Green Building Program" adopted by the Maryland Green Building Council.

Fiscal Summary

State Effect: None.

Local Effect: M-NCPPC expenditures for construction and renovation projects may increase as construction costs for high-performance buildings are typically 2% to 5% higher than traditional construction methods. M-NCPPC revenues are not affected. **This bill imposes a mandate on a unit of local government**.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill indicates that it is the intent of the General Assembly that M-NCPPC employ green building technologies when constructing or renovating commission-owned buildings, to the extent practical. Except as otherwise provided, if a M-NCPPC capital project includes the construction or major renovation of a building that

is 7,500 square feet or greater, the building must be constructed or renovated to be a high-performance building.

The following types of buildings are not required to be constructed or renovated to be high-performance buildings: (1) warehouse and storage facilities; (2) garages; (3) maintenance facilities; (4) transmitter buildings; (5) cabins, pavilions, and other structures intended for open air or rustic uses; (6) buildings of historic significance; and (7) other similar types of buildings, as determined by the commission.

M-NCPPC may request a waiver from the high-performance building requirement from the county where a proposed capital project is located. The county council, with the approval of the county executive, may grant a waiver from the high-performance building requirement if it is determined that the use of a high-performance building in a proposed capital project is not practicable. M-NCPPC must disclose any waiver issued in its *Capital Improvement Program*.

A high-performance building is defined as a building that (1) meets or exceeds the current version of the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) green building rating system silver rating; or (2) achieves at least a comparable numeric rating according to a nationally recognized, accepted, and appropriate numeric sustainable development rating system, guideline, or standard approved by the Secretary of Budget and Management and the Secretary of General Services.

Major renovation is defined as the renovation of a building where (1) the building shell is to be reused for the new construction; (2) the heating, ventilating, and air conditioning, electrical, and plumbing systems are to be replaced; and (3) the scope of the renovation is 7,500 square feet or greater.

Current Law: Chapter 124 of 2008 (SB 208) required most new or renovated State buildings and new school buildings to be constructed as high-performance buildings, subject to waiver processes established by the Department of Budget and Management (DBM), Department of General Services (DGS), and the Board of Public Works (BPW). Between fiscal 2010 and 2014, the State funds 50% of the local share of increased school construction costs associated with high-performance buildings. Chapters 527 and 528 of 2010 (SB 234/HB 1044) added new community college capital projects that receive State funds to the requirement.

Chapter 124 defines a high-performance building as one that:

- meets or exceeds the U.S. Green Building Council's (USGBC) LEED criteria for a silver rating; or

- achieves a comparable numeric rating according to a nationally recognized, accepted, and appropriate rating system, guideline, or standard approved by DBM and DGS.

Only new or renovated buildings that are at least 7,500 square feet and are built or renovated entirely with State funds, or in the case of public schools are new schools, and in the case of community colleges are projects that receive any State funds, are subject to the high-performance requirement. Additionally, building renovations must include the replacement of heating, ventilation, air conditioning, electrical, and plumbing systems and must retain the building shell. Unoccupied buildings are exempt from the high-performance mandate, including warehouses, garages, maintenance facilities, transmitter buildings, and pumping stations.

For State buildings and community colleges, the waiver process must include a review by the Maryland Green Building Council and approval by DGS, DBM, and the Maryland Department of Transportation. The waiver process established by BPW for public school buildings must include review and approval by Interagency Committee on School Construction.

Chapters 115 and 116 of 2007 (SB 332/HB 942) codified the Maryland Green Building Council, which had been established by executive order but had been dormant for several years. The council was charged with:

- evaluating current green building technologies;
- recommending cost-effective green building technologies that the State may consider incorporating into the construction of new State facilities; and
- developing a list of building types for which green building technologies should not be applied.

In December 2007, the council released its report; Chapter 124 incorporated most of its major recommendations into statute.

Chapter 403 of 2012 (HB 901) required the Washington Suburban Sanitary Commission (WSSC) to employ green building technologies when constructing or renovating certain commission-owned buildings.

Background: USGBC is a national coalition of building industry leaders formed to promote construction that is environmentally responsible, profitable, and that creates healthy places to live and work. USGBC developed LEED as a self-assessment tool that measures the extent to which a building meets green building criteria on six dimensions: sustainable sites, water efficiency, energy and atmosphere, materials and resources,

indoor environmental quality, and innovation and design process. The rating scale has four ratings (certified, silver, gold, and platinum).

LEED standards have been adopted by at least 34 states (including Puerto Rico). In 2012 Maryland was ranked sixth in the country by USGBC with 127 projects with 11.0 million square feet certified that year. LEED's rating scale has a maximum score of 110 possible points; silver certification requires 50 to 59 points. IEQ is one of seven design categories used in the LEED assessment, and it currently offers 14 different credits and a maximum of 19 points. Under State law, high-performance buildings are not required to earn all the credits or points under the IEQ category, but only to achieve enough points across all seven design categories to earn the silver certification.

Four State-funded buildings have been built as high-performance buildings. According to the Green Building Council, the Hammerman Beach Services building at Gunpowder Falls State Park, completed in 2008, cost about 3.4% more than a nonhigh-performance building would have cost but is expected to generate 20% savings on energy costs and 40% reduction in water consumption over its lifespan. Goodpaster Hall on the campus of St. Mary's College of Maryland, completed in 2008, is estimated to have had a 1.6% cost premium but is expected to generate 30% savings on energy costs and 40% reduction in water consumption over its lifespan. The Universities at Shady Grove building, completed in 2007 and which achieved a LEED gold rating, is estimated to have had a 2.4% cost premium but should generate 30% savings in energy costs and a 40% reduction in water consumption over its lifespan. The Maryland Department of Transportation's headquarters is LEED gold certified and is estimated to save $83,000 in energy costs each year compared with standard building designs.

Maryland-National Capital Park and Planning Commission

M-NCPPC is a bi-county agency serving Montgomery and Prince George's counties that was empowered by the State in 1927 to acquire and administer a regional system of parks within the Maryland-Washington Metropolitan District and administer a general plan for the physical development of the area. In 1970, M-NCPPC became responsible for managing the Prince George's County public recreation program.

M-NCPPC owns approximately 510 buildings, which includes park shelters, park house, and office structures.

Local Fiscal Effect: M-NCPPC construction costs may increase in the future as a result of the bill. However, the amount of any increase cannot be reliably estimated and depends on the actual construction and renovation costs incurred by M-NCPPC.

Most estimates indicate that construction costs for high-performance buildings are 2% to 5% higher than construction costs for nonhigh-performance buildings, which is consistent with Maryland's limited experience. USGBC estimates that, going forward, the average cost premium for LEED silver buildings will be 2% above the cost of traditional construction. Legislative Services concurs with this estimate. However, any buildings constructed as high-performance buildings should generate substantial operational savings over their lifespan, more than covering the initial construction cost premium.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Budget and Management, Department of General Services, Maryland-National Capital Park and Planning Commission, Department of Legislative Services

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