

Commission on Local Government

Estimate of Local Fiscal Impact

2024 General Assembly Session | 1/21/24

In accordance with the provisions of 30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of legislation impacting local governments.

SB 79: Solar-ready roofs for certain gov't bldgs.; net-zero energy consumption bldg. design for schools (Patron: Sen. Barbara A. Favola)

Bill Summary: Requires any executive branch agency or institution and any locality entering the design phase for the construction of a new building greater than 5,000 gross square feet in size, or the renovation of a building where the cost of the renovation exceeds 50 percent of the value of the building, to ensure that such building includes a solar-ready, cool, or energy-efficient roof, defined in the bill. The bill also requires new public school buildings and facilities and improvements and renovations to existing public school buildings and facilities where the cost of the renovation exceeds 50 percent of the value of the building to, after notice is given to the governing body, be designed and constructed to meet net-zero energy consumption standards. The provisions of this bill only apply to projects entering the design phase on or after January 1, 2025.

Local Fiscal Impact: Net Additional Expenditure: X Net Reduction of Revenues:

Summary Analysis:

Number of Localities Responding: 4 Cities, 4 Counties, 4 Towns, 0 Other

Localities estimated a negative fiscal impact ranging from \$0 to \$50 million over the biennium.

Some localities indicated that optional local ordinances are already in alignment with the bill. For localities that do not have equivalent ordinances, they identified the bill's fiscal impact as the large recurring and non-recurring capital expenses related to adding solar to planned construction. Furthermore, localities generally indicated that they were not able to calculate potential savings from the upgrades required by this bill.

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Net Increase in Expenditures: Itemized Estimates by Responding Localities

Locality	Nonrecurring Expense - Operating		Nonrecurring Expense - Capital		Nonrecurring Expense - Other		Total Increase in Expenses (Biennium Total)
	FY25	FY26	FY25	FY26	FY25	FY26	
Chesterfield							0
Chesterfield County			250000	250000			500,000
City of Harrisonburg							0
City of Richmond			1659000	1659000			3,318,000
City of Winchester			3000000	5000000			8,000,000
Lynchburg							50,000,000
Mecklenburg County							0
Rockingham County							0
Town of Blacksburg							500,000
Town of Chincoteague				100000			120,000
Town of Christiansburg							0
Town of Victoria							0

Locality	Expenditure Narrative by Responding Localities
Chesterfield	Current designs already incorporate these design factors.
Chesterfield County	<p>Two of the county's most recent facilities were outfitted with solar panels through an energy/revenue sharing agreement that cost the county nothing to have the solar panel system installed. Agreements like this, as well as grants could offset the potential increase in expenditures associated with these energy efficiency standards. However, if there were no grants available and the county chose to forego an energy/revenue sharing agreement in order to fully realize the benefits of the solar panels, it would result in a non-negligible increase in expenditures on capital projects.</p> <p>The county has \$36.6M scheduled in facility construction in FY25 and FY26 (Libraries, Police stations and Fire stations). Assuming that roofing makes up 3% of project cost and solar being 50% more expensive than traditional roofing. It would result in a 500k increase in expenses over 2-years</p>
City of Harrisonburg	The City of Harrisonburg's City Council passed a resolution essentially requiring City departments to install solar panels on new or newly-renovated facilities. The proposed legislation would not add any additional requirements to the City beyond the Council resolution the City already has in place. However, future councils may choose to reverse the current council's resolution, which would lead to increased costs for the City to comply with the proposed legislation.
City of Richmond	<p>In its commitment to climate equity goals, the City of Richmond currently requires LEED Silver standards for facility capital projects, which on its own has averaged 6.4% higher upfront costs than non-LEED facilities, though this is not reflective of ongoing operations and maintenance considerations (both savings and cost). Additional requirements inclusive of solar ready features (structural upgrades and electrical equipment) could result in additional cost burden to the city. The fiscal estimate provided pertains to three upcoming major facility capital projects split evenly over two fiscal years and is inclusive of estimated costs for solar ready features on top of the estimated base project costs. While a return on this investment due to reduced utility costs post-construction is expected, these figures cannot to be accurately estimated in the current phase.</p> <p>While the current proposed SB 79 includes language to allow a locality to exempt itself from these standards by resolution, it nonetheless creates an administrative burden on the locality to obtain such an exemption. Additionally, for City Council to take a formal action against new energy standards creates an environment that portrays the city as non-supportive a green environment. Furthermore, including specific design criteria as a blanket requirement may result in facilities being constructed outside of established industry best practices, wherein a facility is designed to meet an owner's financial and operational needs.</p>

Locality	Expenditure Narrative by Responding Localities
City of Winchester	The City of Winchester has never built a building with those qualifications, we unfortunately can't tell you how much it would cost over conventional design. We estimate \$3,000,000 and \$5,000,000. We do have 2 projects on the horizon that this would apply too.
Lynchburg	The City has a number of building projects beginning after 1/1/2025 and the cost to add solar panels will far exceed the savings in utilities and the additional cost will not be recouped over the life of the building.
Mecklenburg County	There may be a cost as we will have a building that the provisions of this legislation will apply to; however, there is no way to determine the specific costs at this time, nor any way to know the net cost (ie, cost of this roof vs. an alternative designed and built roof absent solar ready or net zero), nor to deduce any lesser recurring costs from presumably fewer KWH used.
Rockingham County	This would be very expensive for us although measuring that would be almost impossible.

Locality	Expenditure Narrative by Responding Localities
Town of Blacksburg	<p>The fiscal impact would likely not be onerous, as these requirements are already covered by our LEED Silver policy. The potential cost impact would be different depending on a couple factors:</p> <p>Discretion vs. Mandate: Our LEED Silver policy allows us greater flexibility in how we achieve that designation, whereas this bill is more prescriptive. In the example of the new police station, we elected to pursue the points around EV charging and solar-readiness to achieve our LEED Silver. This bill would make those elements mandatory. In all likelihood, we are probably going to pursue both solar readiness and EV charging infrastructure for future new buildings and most renovations, so this shift from discretionary to mandatory isn't a big concern.</p> <p>New vs. Existing Buildings: Meeting these requirements will be easier/less costly when we're designing a building from scratch vs. doing a renovation, especially if the electrical service on an older building needs to be upgraded to accommodate EV charging, or major structural work needs to be done to the roof to meet the solar readiness standard. We would ballpark a couple hundred thousand in additional costs if structural upgrades are required. The EV chargers would probably be in the ballpark of one hundred thousand depending on the additional site/infrastructure work that would be required.</p> <p>EV Charging/Fleet Type: For EV charging infrastructure, the bill only requires this for passenger type vehicles. Any building with a considerable EV fleet could create a significant cost (making power available, charging infrastructure).</p> <p>EV Charging/Sufficiency Standard: SB79 states, In making a sufficiency determination, the locality may also consider the interest of the Commonwealth in providing infrastructure for nearby locations, geographical gaps in SEV charging infrastructure, availability of incentives, and other factors. It's not clear what would be deemed sufficient by the current bill language. If we build a public parking garage the EV charger cost could be significant depending on what is determined to be sufficient.</p> <p>Annual Reporting Requirements: The annual reporting will create a couple days of work for an employee each year, possibly more in the future if we continue to build new buildings or make large renovations to existing facilities.</p>
Town of Chincoteague	<p>The capital costs of renovation of the Town's Municipal complex including our Community Center will significantly increase with this legislation will little or no return from a "Net zero" energy consumption design. Further the annual maintenance costs as well as replacement of the solar panels in 20 years will drive up future operating costs.</p>

Locality	Expenditure Narrative by Responding Localities
Town of Christiansburg	The Town does not have a definitive capital building project in the next two years, though we are looking at the possibility of an emergency services station. If we were to undertake the emergency services station, it would likely add \$500,000 to the project.
Town of Victoria	