

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 756** HLS 22RS 124

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 3, 2022	1:00 PM	Author: SCHEXNAYDER
Dept./Agy.: Lieutenant Governor/Public Buildings		Analyst: Tim Mathis
Subject: Transfers maintenance of specified buildings and grounds		

PUBLIC BLDGS/GROUNDS-ST OR INCREASE GF EX See Note
Provides relative to certain public buildings and grounds

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Proposed law provides that the office of the lieutenant governor, through the Department of Culture, Recreation and Tourism (CRT), shall have the charge of and be responsible for the maintenance of the state capitol and any additions, pentagon barracks buildings, capitol annex, the Old Arsenal Magazine Museum, and grounds adjacent, subject to the authority and direction of the Speaker of the House of Representatives and the President of the Senate. Provides that the office of the lieutenant governor through CRT shall repair, maintain, and as appropriate, enhance the buildings and grounds for the enjoyment, inspiration, education, and safety of all people who visit. Requires the lieutenant governor to submit a plan and a proposed budget for such functions to the Legislative Budgetary Control Council (LBCC) by February 15 each year. Establishes the Capitol Complex Maintenance and Enhancement Fund within the state treasury, subject to appropriations, to be used to fund construction, improvements, maintenance, renovations, repairs, and necessary additions or enhancements to the capitol buildings and grounds complex. Directs the treasury to transfer any and all funds to carry out such functions.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

There will be increased costs for the office of lieutenant governor through the Department of Culture, Recreation and Tourism (CRT) to provide for the repair, maintenance, and enhancement of the buildings and grounds to the capitol complex and other facilities and a commensurate reduction in costs for the Division of Administration (DOA), Office of State Buildings (OSB). Costs for CRT to provide the necessary workload and purchase equipment may likely exceed current funding through OSB, particularly during transition and outfitting of staff if CRT chooses to hire employees rather than contract with a private provider for maintenance services; however, the amount needed is indeterminable at this time. **Note: HB 1 Reengrossed transfers \$1 M SGF from DOA to CRT to implement this legislation; agencies are still in the process of determining how such funding will impact operations.**

The DOA through the Office of State Buildings (OSB) has identified \$3.3 M in expenditures to be transferred to the newly created Capitol Complex Maintenance and Enhancement Fund under CRT. These funds include the following: \$541,112 for personnel, including three (3) positions domiciled in the state capitol and the allocation of other OSB staff with specialized staff that provide support as needed (such as electrical, plumbing, carpentry, HVAC, horticulture, painting, etc.), as well as on-call and overtime costs; \$2,460,888 for operating expenses, including contracts for

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

The proposed legislation directs the state treasurer to transfer any and all funds (estimated at \$3.3 M) allocated to the DOA or any agency thereof used to carry out the repair, maintenance, and enhancement of the buildings and grounds of the capitol complex to the new Statutorily Dedicated Capitol Complex Maintenance and Enhancement Fund through CRT. CRT will experience additional statutory dedications revenues to the extent the legislature reallocates funds from the DOA.

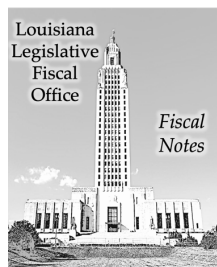
For illustrative purposes, the \$3.3 M identified by the Office of State Buildings are comprised of the following means of finance: \$2,479,000 SGF; \$727,088 IAT; and \$85,440 SGR. IAT and SGR revenues are comprised of rent charged to building tenants, including state agencies, press and media, the U.S. Postal Service, and state legislators. Future revenues from rents are indeterminable and will presumably be set by the office of the lieutenant governor.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux
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Interim Deputy Fiscal Officer

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

maintenance and repair projects, transfers to Prison Enterprises for janitorial services, supplies, landscaping, utilities, risk management premiums, pest control, etc.; \$89,160 for other charges expenditures for elevator preventative services; and \$200,768 for equipment and supplies. Costs will vary over time based on facility needs and conditions.

The proposed legislation will impact state expenditures for the following agencies:

Department of Culture, Recreation and Tourism (CRT):

CRT will incur approximately \$3.3 M statutory dedications expenditures (through the Capitol Complex Maintenance and Enhancement Fund) to provide for the repair, maintenance, and enhancement of the buildings and grounds to the capitol complex and other facilities. CRT reports that, at a minimum, it would need to create six (6) positions to provide for the maintenance and repair of the buildings and grounds for a total of \$533,500 for personal services expenditures. These costs include: one (1) Facility Manager (\$80,000 salary and \$40,800 related benefits); one (1) Event Coordinator (\$45,000 salary and \$26,450 related benefits); two (2) Trades Professionals (each receiving \$60,000 salary and \$32,600 related benefits); one (1) Grounds Manager (\$50,000 salary and \$28,500 related benefits), and one (1) Contract/Accountant position (\$55,000 salary and \$30,550 related benefits). CRT would incur additional operating expenditures similar, if not equal, to those currently provided by the Office of State Buildings; costs include contracts for maintenance and repair projects, transfers to Prison Enterprises for janitorial services, supplies, landscaping, utilities, risk management premiums, pest control, etc.

In addition, CRT will need to make initial purchases of equipment and other acquisitions needed for the required maintenance services. Because OSB purchases tools and equipment on an agency-wide basis, it is unable to identify items associated with specific buildings for transfer to CRT. Initial costs are indeterminable prior to an evaluation by CRT of the buildings and grounds. For illustrative purposes, the FY 23 budget request for OSB included \$229,763 for acquisitions, including replacement vehicles, miscellaneous furniture, power tools and other maintenance equipment, horticultural equipment, etc.

It is unknown to what extent CRT will hire staff or contract with vendors on a project by project basis. To the extent that CRT is unable to perform the required maintenance and repair with the six positions in its initial estimate, state costs will increase by an indeterminable amount. CRT will likely experience initial costs for acquisitions for tools, equipment, and vehicles associated with the maintenance staff. The need for additional funding at CRT will depend on the extent to which current spending levels on maintenance results from economies of scale within the Office of State Buildings. Costs will also depend on the capacity the agency has to reallocate existing state resources to the capitol buildings and grounds. CRT is unable to determine the required acquisitions and major repairs needed prior to conducting an evaluation of the buildings.

Office of State Buildings (OSB):

Costs will decrease for the DOA through the Office of State Buildings as a result of the transfer of maintenance funds to CRT; however the net impact is indeterminable. The LFO is unable to determine whether the proposed legislation will require the full \$3.3 M to be transferred from the OSB to CRT; amounts will depend on the definition and scope of "maintenance" to be provided by CRT, and may exclude items such as utilities, risk management premiums, etc. In addition, the proposed legislation does not appear to provide for the transfer of positions from OSB to CRT. OSB anticipates redistributing existing personnel (three positions) assigned to the capitol complex to other areas that are experiencing staff shortages. To the extent the DOA does not transfer positions to CRT, it will need to identify and secure an alternative source of funding, either through the request of additional SGF or by increasing billing of other state agencies it serves. If the DOA does not receive such funding, it will need to reduce service levels (OSB estimates activities at the capitol complex to represent 12% of its operating budget). Finally, to the extent OSB identifies components of current contractual costs associated with the facilities in the proposed legislation, there may be other potential impacts; however, it has not identified any specific items at this point in time.

Note: According to OSB, there are eleven active projects at the state capitol, capitol park and gardens, and the pentagon barracks buildings totaling \$33.5 M. These projects are funded through Capital Outlay and legislative appropriations. OSB has identified an additional \$99.8 M in planned projects within the areas included in the proposed legislation.

Department of Treasury:

Creating a new statutory dedication within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be material additional costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking and other custodial functions for 436 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates it will be required to add one T.O. position at a total personnel services cost of approximately \$73,000, plus approximately \$2,450 for a one-time purchase of office equipment. These expenditures are assumed to be SGF in this fiscal note.

Senate

Dual Referral Rules

House

[X] 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

[X] 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

[] 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

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