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## FISCAL IMPACT REPORT

SPONSOR Griego DATE TYPED 3/11/05 HB \_\_\_\_\_

SHORT TITLE Government Infrastructure Renovation Plans SM 37

ANALYST Hadwiger

### APPROPRIATION (in \$000s)

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)

Department of Health (DOH)

Commissioner of Public Lands (CPL)

Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

Senate Memorial 37 would ask the DFA to develop a plan and establish mechanisms for governmental entities to enter into agreements for the restoration of deteriorated civil infrastructure for which renovation costs are less than the replacement value, that provide for the financing of the restoration, and that include performance guarantees. The memorial further asks that governmental entities join into joint powers agreements or other contractual arrangements to renovate the deteriorated civil infrastructure, that provide for the financing of civil infrastructure restoration, and that provide, as part of the financing, performance guarantees provided by a third party or risk-pooling provider.

#### Significant Issues

DFA noted that it appears that this legislation is intended to formally encourage the restoration of depreciated or deteriorated civil infrastructure assets, specifically in instances where the restora-

tion costs are less than the replacement value and where the restorations can be backed by a performance guarantee of a third party or risk pooling provider. The Local Government Division's Infrastructure Capital Improvement Plan (ICIP) identifies over \$1.6 billion in infrastructure needs for FY 2005, and \$6.1 billion in needs through FY 2009.

PED indicated that, as related to school districts, the memorial duplicates efforts already being accomplished through the Public Schools Facilities Authority (PSFA) and the Public School Capital Outlay Council (PSCOC) for schools. All school districts are required to prepare and implement a facilities master plan and a five-year preventative maintenance plan in order to qualify for PSCOC awards. The PSFA assists districts in establishing preventative maintenance plans that prolong the useful life of the districts' buildings. A long-term plan and program along with a permanent revenue stream already are in place for school districts to maintain, renovate and construct classroom facilities that meet the current statewide adequacy standards.

### **PERFORMANCE IMPLICATIONS**

DOH indicated that SM37 affects the DOH strategic plan in Program Area 2: Health Care Delivery – Public Health Division, Strategic Direction: Improve access to health services. Many of the Public Health Division's health offices are located in county-owned facilities. Some of these facilities could benefit from renovation.

### **FISCAL IMPLICATIONS**

No direct fiscal impact on state government.

**DH/rs**