

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 31, 2003

TO: Honorable David Swinford, Chair, House Committee on Government Reform

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3003 by Swinford (Relating to the management, use, and information about state facilities, real property, and other property.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3003, As Introduced: a positive impact of \$17,087,564 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$8,543,782
2005	\$8,543,782
2006	\$8,543,782
2007	\$8,543,782
2008	\$8,543,782

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Savings/ (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable (Cost) from <i>GAME, FISH, WATER</i> <i>SAFETY AC</i> 9	Probable Revenue Gain from <i>STATE HIGHWAY</i> <i>FUND</i> 6
2004	(\$14,336,218)	\$22,880,000	(\$114,400)	\$0
2005	(\$14,336,218)	\$22,880,000	(\$114,400)	\$3,250,000
2006	(\$14,336,218)	\$22,880,000	(\$114,400)	\$3,250,000
2007	(\$14,336,218)	\$22,880,000	(\$114,400)	\$3,250,000
2008	(\$14,336,218)	\$22,880,000	(\$114,400)	\$3,250,000

Fiscal Year	Probable (Cost) from <i>STATE HIGHWAY</i> <i>FUND</i> 6	Change in Number of State Employees from FY 2003
2004	(\$4,171,900)	2.0
2005	(\$2,187,500)	2.0
2006	(\$1,062,500)	2.0
2007	(\$1,062,500)	2.0
2008	(\$1,062,500)	2.0

Fiscal Analysis

Facilities Management Services

This bill would add Sections 2165.007 and 2165.057 to the Government Code to transfer to the Texas Building and Procurement Commission (TBPC) the responsibility for all facilities management services for all facilities used for a state agency's headquarters in Travis County or in a county adjacent to Travis County.

The bill would transfer the responsibility, as well as all obligations, contracts, records, appropriations, complaints, investigations, and rules associated with the transferred services from the respective agencies to TBPC. The bill would take effect September 1, 2003.

Use and Management of State Property

The bill would add Chapter 2206 to the Government Code to require state agencies to report certain information regarding real property owned by each agency in its Legislative Appropriations Request (LAR). The bill would create the Texas Agency Infrastructure Commission to evaluate and report the number and function of state agency field offices and the colocation or closure of those offices, if appropriate. The commission could not receive compensation but would be entitled to reimbursement for travel expenses related to official state businesses.

Assessment of Using State Land for Public Hunting

The bill would add a new section to Chapter 12 of the Parks and Wildlife Code to require the Texas Parks and Wildlife Department (TPWD) to request an inventory and assessment from all state agencies holding state land that might be suitable for public hunting, including land of the Permanent University Fund 045. State agencies contacted by TPWD would have to provide an inventory of agency-held lands in the state and an assessment of the potential for each property to be used in a public hunting program managed by TPWD.

TPWD would identify land appropriate for public hunting and prepare a detailed proposal to implement a public hunting program if it found that the economic benefit was greater than the state's administrative, personnel, or environmental costs, or costs associated with the loss of use of the land for other purposes.

Asset Management

The bill would also require the Texas Department of Transportation (TxDOT) to create a strategic master plan for property with an annual review process and implement an asset management system. TxDOT would have to implement the recommendations of the General Land Office evaluation by the end of fiscal year 2006, with some exceptions.

The bill would take effect September 1, 2003.

Methodology

Facilities Management Services

There would be an annual increased cost to General Revenue of approximately \$14.3 million related to the Building and Procurement Commission (TBPC) taking over facilities management services for 6.5 million square feet of office space. This would include an addition of 26.0 FTE and employee benefits per year. There are no increased costs for administrative or support staff.

TBPC estimated that there are at least 22 separate agencies that are performing the same type of maintenance services that TBPC performs. TBPC has projected that approximately \$22.88 million

(including utilities) is being spent by other state agencies on maintaining 6.5 million square feet at a cost of \$3.52 per square foot. TBPC would provide the maintenance services on the same square footage at an average cost of \$2.17, which equals \$14.3 million annually, including FTEs and benefits. This would result in an overall savings to the state of approximately \$8.5 million annually. However, it is important to note that the \$22.88 million is not solely General Revenue Funds. This amount would consist of Federal Funds, General Revenue-Dedicated Accounts and Other Funds, as appropriate, for each individual agency. Therefore, the General Revenue costs incurred by the TBPC may not be entirely offset by General Revenue savings in other agencies unless amounts are transferred from affected agencies to TBPC.

For the purposes of this fiscal note, the TBPC based its estimates on amounts paid by the Texas Department of Health (\$3.52 per square foot) and applied that rate to the 6.5 million estimated square footage it would assume under the provisions of this bill. These costs and savings do not include facilities management for institutions of higher education or the Bob Bullock State History Museum

Use and Management of State Property

The bill would partially implement the Comptrollers E-Texas Report, GG-14, relating to Use Innovative Management Techniques for State Real Property; to modernize the management of state agency owned property. The bill would require state agencies to report certain information regarding real property owned by each agency in its Legislative Appropriations Request (LAR). In addition, the bill would create the Texas Agency Infrastructure Commission to evaluate and report the number and function of state agency field offices and the co-location or closure of those offices, if appropriate. The commission may not receive compensation but would be entitled to reimbursement for travel expenses related to official state business. The commission would be staffed by the General Land Office and the Governor's Office. The commission would be abolished September 1, 2004. Finally, the bill would also create a "capital charge" which would be an amount paid to the state by a state agency based on the value of real property owned by the agency. The bill also would partially implement Issue 6.1 in the Comptroller's 2001 report, Paving the Way.

The bill differs from the estimated fiscal impact of GG-14 in two ways. First, GG-14 recommended reducing the appropriations to certain state agencies by an amount equal to 85 percent of the appraised value of real estate owned by those agencies and currently approved for sale. This requirement, which must be accomplished by a rider in the General Appropriations Act, is not contemplated by this bill. Second, the estimated fiscal impact of GG-14 calculated the annual travel and per diem costs to be \$100,000 in General Revenue Funds. The bill would require these costs to be reimbursed from appropriations to the offices of the Governor, the Lieutenant Governor, the Speaker of the House of Representatives, the Land Commissioner and the Comptroller.

The Texas Department of Transportation indicated that they would need additional resources to comply with providing information in their legislative appropriations requests, including \$2,293,500 for professional services for real property and surveys and appraisals; and \$422,400 for program development, database design, information analysis and preparation of required reports. If the reporting requirement includes right of way, and additional \$25,000,000 is requested by the department.

Assessment of Using State Land for Public Hunting

Cost estimates to the Parks and Wildlife Department (TPWD) to incorporate additional lands into the TPWD public hunting program would include personnel costs for 2 additional FTEs at the Natural Resource Specialist III level for a total of \$95,235 per year in salary costs (including benefits). Additionally, travel and other related operating expenses associated with the FTEs are estimated to be \$9,600 and \$9,565 respectively. Therefore, the total cost to TPWD (including staff, travel and operating costs) would be estimated at \$114,400 per year.

Asset Management

Costs associated with Issue 6.1 of Paving the Way reflect costs to add TxDot staff, to implement an inventory and management system, and to prepare a TxDot statewide facilities plan. The additional

staff recommendation is estimated to cost \$231,250 a year, including benefits. The asset management system would require \$1 million a year for the first two years, with an additional \$50,000 per year in subsequent years for system upgrades and modifications. The Facilities Master Plan requires \$225,000 per year for the first two years, with an additional \$50,000 per year in subsequent years for updating the plan. Direct transaction and site remediation allowances, paid to third parties or reimbursed to other state entities, have been set at 15 percent and 7.5 percent of revenue from sale of state land, respectively, in line with industry practice. The estimated gains represent the amounts of State Highway Fund 0006 revenues that could be redirected to TxDot roadway construction and maintenance programs.

Sale values used in the fiscal analysis are based on figures provided by TxDot. The total value of the land recommended for sale is \$13 million. It is assumed that the property would be sold over a four-year period, after an initial year of planning, and that net proceeds would total at least \$13 million.

Technology

Technology would be impacted through the costs to implement the inventory and management system for the Texas Department of Transportation. Total costs for the 2004-05 biennium would be \$2,912,500, however those would include start-up costs. Thereafter, costs would be approximately \$331,250 per year for system upgrades and updates.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 303 Building and Procurement Commission, 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 601 Department of Transportation, 802 Parks and Wildlife Department, 809 Preservation Board

LBB Staff: JK, JO, GO, MS, RG