

*Report of the
House Appropriations
Subcommittee*

on

Capital Outlay



House Bill 1600

February 4, 2001

**Respectfully Submitted by the House Appropriations Subcommittee
on Capital Outlay:**

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REPORT OF THE SUBCOMMITTEE

on

CAPITAL OUTLAY

Mr. Chairman and Members of the Committee:

Last week, the Committee took a giant step towards meeting the backlog of capital projects at our colleges and state museums, the parks and natural areas, and at our cultural attractions. We hope that these measures will win the support of the General Assembly and Governor, and ultimately the voter approval in November. We believe that the future debt service payments for these General Obligation Bonds can be paid for out of the state's forty-percent allocation from the Tobacco Master Settlement Agreement. For this reason, we do not recommend the securitization of these assets as proposed in the introduced budget.

Considering those actions, our general fund Capital Outlay recommendations today are modest, totaling about \$33.0 million. Of that amount, we recommend restoring funds we approved last year for maintenance reserve projects. The introduced budget proposed issuing debt for this purpose. While the use of debt is a viable alternative, the subcommittee feels that it should be limited to projects that have a useful life greater than the period for which it is financed. Therefore, our recommendation is to restore \$25.0 million in cash and the remaining \$25.0 million through a low-interest, five-year note. The subcommittee recommends \$5.6 million for the first year debt service payment. I want to stress that we view the use of debt for maintenance reserve as a short-term solution and believe that the policy of the Commonwealth should be to pay for maintenance reserve with cash.

The remaining general funds available to the Subcommittee were used to fix holes in two projects. We propose using \$2.3 million to restore general funds to the Cheatham Annex cleanup project. In addition, we propose adding \$300,000 to the Hampton Roads Agricultural Research and Extension Center in order to meet the low bid for replacement of the building's condemned wing.

The remaining capital recommendations proposed by the Subcommittee involve the use of about \$209.0 million nongeneral funds primarily at our public colleges and universities. More than half of the projects supported by nongeneral funds - \$114.0 million - will come from gifts, grants, federal funds, and auxiliary enterprise funds. Approximately \$75.0 million of the nongeneral funds are for revenue bonds for parking decks, dormitories, or research projects and are supported by the revenues associated with those types of facilities.

The Subcommittee also recommends \$9.2 million be added to the Virginia Public Building Authority bond for two freezer storage facilities—one for a seafood freezer unit on the Eastern Shore and the other for a produce freezer facility in Carroll County. Both of these projects will provide the capability of storing fresh products and provide a much-needed economic boost for these areas.

The Subcommittee further recommends transferring funds designated for lease payments to be used as debt service in the refinancing of the Virginia Peninsula Workforce Center under the Virginia Public Building Authority. This will save the Commonwealth about \$1.5 million dollars in debt service over the life of the project.

The details of the Subcommittee's report are contained in the attachments, and staff will review them with you.

Budget Amendment Recommendations

CAPITAL OUTLAY Amendment	BIENNIAL TOTAL	
	General Fund	Nongeneral Fund

Department of Agriculture		
Eastern Shore Seafood Freezer Facility		4,403,200
Carroll County Farmers Market		4,603,200
Department of Emergency Services		
Cheatham Annex	2,300,000	
Woodrow Wilson Rehabilitation Center		
Property Lease		Language
Christopher Newport University		
CNU Residence Hall III		5,000,000
CNU Performing Arts Center Move To GOB		(7,500,000)
CNU Student Center Renovations		1,103,000
CNU Track Complex		1,500,000
CNU Athletics Expansion		700,000
Information Technology Center		2,000,000
College of William and Mary		
CWM Andrews Hall Move To GOB		(4,600,000)
Richard Bland College		
Library Improvements Move To GOB		(3,000,000)
Virginia Institute of Marine Science		
Property Acquisition		350,000
George Mason Univ		
GMU Housing V		1,470,000
GMU Arlington Phase II Move To GOB		(27,750,000)
GMU Fairfax Equipment Move to Operating		(3,000,000)
James Madison Univ		
Maintenance Annex CISAT		1,750,000
Harrison Hall Move To GOB		(8,600,000)
Longwood College		
Longwood Land Acquisition		1,500,000
Jarman Building Renovation Move To GOB		(5,800,000)
Mary Washington College		
MWC Land Acquisition		5,000,000
MWC Alumni Center		4,600,000
Lee Hall Move To GOB		(7,000,000)
Norfolk State University		
HVAC Renovations Move To GOB		(2,347,000)

Budget Amendment Recommendations

CAPITAL OUTLAY <u>Amendment</u>	BIENNIAL TOTAL	
	General <u>Fund</u>	Nongeneral <u>Fund</u>
Education Building Renovation Move To GOB		(4,194,000)
Handicapped Accessibility Move To GOB		(598,000)
Robinson Technology Building Move To GOB		(7,500,000)
Old Dominion University		
Batten Arts and Letters Move To GOB		(10,807,000)
Radford University		
Radford Floyd Residence Hall Renovation		2,500,000
Davis Hall Renovation Move To GOB		(1,399,000)
Porterfield Hall Renovation Move To GOB		(1,232,000)
University Of Virginia		
UVA Studio Art Building		3,500,000
UVA Lambeth Field Residence		9,000,000
UVA Materials Science Building		14,000,000
UVA Aquatic Center Supplement		3,000,000
UVA Science & Engineering Lab Renovations		8,000,000
UVA Steam Tunnel Repairs		3,500,000
UVA Withers-Brown Renovation		2,100,000
UVA Acquire Engineering Research Building		13,000,000
UVA Acquire School of Medicine Res. Bldg.		17,000,000
UVA Health Sciences Parking Deck		10,800,000
UVA Clark Hall		7,700,000
Medical Research Building Move To GOB		(15,000,000)
Cocke Hall Renovation Move To GOB		(5,000,000)
Engineering Research Center Move To GOB		(7,000,000)
Renovate Academic Facilities (Blanket)		Language
University Of Virginia Wise		
Crockett Hall Renovation Move To GOB		(4,325,000)
Virginia Commonwealth University		
VCU Gladding Residence Hall		1,403,000
VCU Academic Parking Deck III		11,357,060
VCU Freedom House Lease		Language
VCU Property Conveyance		Language
Johnston Auditorium Move To GOB		(600,000)
West Hospital Renovations Move To GOB		(6,000,000)
Hibbs Building Renovation Move To GOB		(1,600,000)
Business Building Renovation Move To GOB		(1,800,000)

Budget Amendment Recommendations

CAPITAL OUTLAY Amendment	BIENNIAL TOTAL	
	General Fund	Nongeneral Fund
University Libraries Move To GOB		(1,600,000)
Virginia Community College System		
TNCC Peninsula Workforce Center		11,000,000
TNCC Peninsula Workforce Center (\$3-3.06)		Language
LFCC Property Conveyance		Language
Danville CC Property		Language
Danville CC Regional Center for Appl. Tech.		Language
Paul D. Camp CC Property		Language
NVCC Loudoun Equip. Move To Operating		(462,000)
TCC Adv. Tech. Equipment Move To Oper.		(1,519,000)
GCC Fredericksburg Equip. Move To Operating		(1,376,000)
NVCC Med. Educ. Equip. Move To Operating		(2,998,000)
Virginia Military Institute		
Nichols Hall Move To GOB		(15,000,000)
Virginia Tech		
Bioinformatics Move To GOB		(16,000,000)
VPI Expand Lane Stadium		56,800,000
Virginia Coop. Ext. and Agric. Experiment Station		
Hampton Roads Extension Facility Shortfall	300,000	
Virginia State		
Residence Hall		Language
Handicapped Accessibility Move To GOB		(918,000)
Gandy Hall Move To GOB		(5,150,000)
Lindsay-Montague Move To GOB		(4,845,000)
The Science Museum		
Belmont Bay Lease Option		Language
Danville Science Center Lease Option		Language
Jamestown-Yorktown		
Jamestown Galleries Move To GOB		(8,783,000)
Jamestown Fort Move To GOB		(1,367,000)
Virginia Museum of Fine Arts		
Parking Deck Move To GOB		(8,388,000)
Virginia Museum Of Natural History		
Move Natural History Museum to GOB		(15,200,000)
Treasury Board		
Prince William Detention Home (\$175,147)		Language

Budget Amendment Recommendations

CAPITAL OUTLAY <u>Amendment</u>	BIENNIAL TOTAL	
	General <u>Fund</u>	Nongeneral <u>Fund</u>
Maintenance Reserve Financing (\$25.0 million)	5,600,000	
Central Capital Outlay		
Maintenance Reserve GF for Bonds	25,000,000	(86,810,000)
Portsmouth Campus Relocation Planning		Language
Virginia Workers Compensation Commission		
Space Planning		Language
General Obligation Bonds		
HB 1747, HB 2390, HB 2619 Project Incorporation		Language
General Provisions		
Student Housing		Language
§3-3.05		
Tobacco Securitization		Language
Central Appropriations		
Tobacco Securitization	(460,611,525)	
	=====	=====
Total	(427,411,525)	(98,428,540)