



Report of the Subcommittee on  
Capital Outlay/Special Projects

(Amendments to SB 750,  
as Introduced

Senate Finance Committee  
Virginia General Assembly

February 4, 2007

Mr. Chairman:

Once again our report on capital outlay is dominated by cost overruns.

The budget as introduced contained over \$132 million GF in additional funding for existing capital projects. To this we are reluctantly recommending another \$11.8 million in requests that came to us directly from state agencies and institutions. This brings our four year total for project supplements to over \$550 million GF. That's over half a BILLION dollars in just four years. See the table below:

	\$ Millions GF
2004 Session	\$60.00
2005 Session	\$185.00
2006 (Special Session 1)	\$166.20
SB 750, as introduced	\$132.80
Additional Recommendations	<u>\$11.80</u>
Four Year Estimate	\$555.80

Let me give you just two examples. One project – just approved in 2006 with an appropriation of \$26.4 million GF -- is in the introduced budget for an increase of \$14.0 million GF. **This is a 53 percent increase in one year!** Another project is asking for an increase of \$22.6 million GF, and they admit that they don't even have a contractor who will guarantee to build this project for the now modest price of over \$71 million.

Your subcommittee would not recommend the supplement for this last project – in fact, we almost did not -- if it had not been included in the 2002 General Obligation Bond package approved by the voters, AND if it did not have a significant local contribution already in hand.

These cost overruns must end! Our recommendations include changes in the capital planning and budgeting processes that will result in greater reliability, better quality, and increased responsibility for all concerned.

Taken together, and combined with prudence and discipline, the Subcommittee believes these initiatives can bring back much needed structure and accountability to the Commonwealth's capital process.

Other than project supplements, our recommendations are very modest. Everyone must keep in mind, however, that the General Assembly provided over \$1.0 billion GF for capital projects less than twelve months ago. Now is not the time to bite off more. Our agencies and institutions, and the commercial contractors who do the work, must be allowed time to work through the projects already authorized. To put too many projects out in an already saturated market could be just as irresponsible as authorizing too few.

We are aware that many of you are interested in specific capital projects. With that in mind, a detailed spreadsheet is attached.

Mr. Chairman, we believe that our recommended amendments set out a sound approach for the Commonwealth's capital program. It is our hope it will be your pleasure to adopt them.

Respectfully Submitted,

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The Honorable Frederick M. Quayle, Chairman

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The Honorable Charles J. Colgan

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The Honorable Charles R. Hawkins

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The Honorable Janet D. Howell

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The Honorable Emmett W. Hanger

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The Honorable John C. Watkins

**CAPITAL OUTLAY SUBCOMMITTEE  
SPREADSHEET  
(SB 750)**

**Capital Outlay Subcommittee 2007 Session Recommendations**  
**Sunday February 4, 2007**

Category	Agency & Short Title	General Fund			Nongeneral Fund		
		FY 2007	FY 2008	Total	FY 2007	FY 2008	Total
	<b>Capital Amendments</b>						
	<b>Project Planning</b>						
	CNU: Science Building	\$0	(\$4,125,000)	(\$4,125,000)	\$0	\$0	\$0
	LU: Technology Center	0	(1,396,000)	(1,396,000)	0	0	0
	ODU: 47th St. Art Dept. Renovation	0	619,653	619,653	0	0	0
	ODU: Student Retention Center	0	787,956	787,956	0	0	0
	DOC: Planning - Charlotte County Prison	0	0	0	0	284,837	284,837
	<b>Acquisition</b>						
	JMU: Property Purchase	0	0	0	0	9,000,000	9,000,000
	UVA: Acquire Advanced Research & Technology Life Sciences Annex	0	0	0	0	35,100,000	35,100,000
	<b>Renovations</b>						
	DGS: GAB Critical Repairs	0	3,105,972	3,105,972	0	0	0
	UMW: Renovate Goolrick Field	0	0	0	0	2,000,000	2,000,000
	UVa: Chemistry Teaching Labs	(3,100,000)	0	(3,100,000)	3,100,000	0	3,100,000
	VSU: Renovate Trinkle Hall	0	0	0	3,000,000	0	3,000,000
	<b>New Projects</b>						
	JMU: Softball and Baseball Complex	0	0	0	0	5,000,000	5,000,000
	UMW: Two Residence Halls	0	0	0	0	35,000,000	35,000,000
	VSU: Construct Parking Deck	0	0	0	3,000,000	0	3,000,000
	SMV: Belmont Bay Center, Potomac Science Laboratory (2002 GOB)	0	0	0	5,000,000	0	5,000,000
	DOC: Mt. Rogers Planning District Prison	0	0	0	0	99,000,000	99,000,000
	DVA: SWVa Veterans Cemetery Acquisition Costs	583,000	0	583,000	0	0	0
	<b>Equipment</b>						
	W&M: Equipment Integrated Science Center	0	3,485,000	3,485,000	0	0	0
	VCCS: Equipment - Historic Triangle, TCC (Fund in 2008)	0	(5,640,000)	(5,640,000)	0	0	0
	VCU: Equipment - Medical Sciences II (Fund in 2008)	0	(3,700,000)	(3,700,000)	0	0	0
	VMI: Mallory Hall Smart Classrooms & Student Labs	0	657,000	657,000	0	0	0
	<b>Project Supplements</b>						
	DGS: Capitol Renovation & Extension	0	4,500,000	4,500,000	0	0	0
	CNU: Information Technology	0	3,520,000	3,520,000	0	0	0
	GMU: Fairfax I	0	450,000	450,000	0	450,000	450,000
	UMW: Lee Hall	0	2,000,000	2,000,000	0	0	0
	CNU: Supplement Residence Hall V	0	0	0	0	7,667,000	7,667,000
	CNU: Supplement Expansion of Freeman Center Gym	0	0	0	0	18,600,000	18,600,000
	GMU: Supplement Patriot Center Addition	0	0	0	0	2,900,000	2,900,000
	GMU: Supplement Hotel Conference Center	0	0	0	0	40,000,000	40,000,000
	GMU: Shift NGF Supplement from Student Housing VII	0	0	0	0	(6,000,000)	(6,000,000)
	GMU: Parking Deck III Supplement	0	0	0	0	10,856,000	10,856,000
	GMU: Shift NGF Supplement to Student Union III	0	0	0	0	6,000,000	6,000,000
	JMU: Supplement Dinning Hall	0	0	0	3,000,000	0	3,000,000
	VaTech: Supplement- Performance Hall (9 d bonds)	0	0	0	0	13,000,000	13,000,000

**Capital Outlay Subcommittee 2007 Session Recommendations  
Sunday February 4, 2007**

Category	Agency & Short Title	General Fund			Nongeneral Fund		
		FY 2007	FY 2008	Total	FY 2007	FY 2008	Total
	SWVHEC: Building Addition	0	1,365,000	1,365,000	0	0	0
	DCR: Supplement Parks GOB Projects (Phase-in)	0	(7,500,000)	(7,500,000)	0	0	0
<b>Authority</b>							
	GMU: Biocontainment Lab Restrictive Covenant Language		0	0	0	0	0
	LU: Delete Duplicate Project (Ch 3 C-74 & Ch 2 C-38.10) 0		0	0	(2,558,000)	0	(2,558,000)
	LU: Change Fund Source for Lankford Hall from bonds to Special Funds Language		0	0	0	0	0
	UMW: Alternative Financing Authority Language		0	0	0	0	0
	NSU: Parking Facility Lease Authority Language		0	0	0	0	0
	VPBA Table: Eliminate Unnecessary Capital Project Language Table Language		0	0	0	0	0
	VPBA Table: DOC: Mount Rogers Planning District Prison Language		0	0	0	0	0
	VCBA Table Eliminate Unnecessary Capital Project Language Table Language		0	0	0	0	0
	VCBA Table: Update for SB 770 - 9 c Bond Bill Language		0	0	0	0	0
	VCBA Table: Update for Additional 9 d Projects Language		0	0	0	0	0
	<b>Total: GF Capital Outlay</b>	<b>(\$2,517,000)</b>	<b>(\$1,870,419)</b>	<b>(\$4,387,419)</b>	<b>\$14,542,000</b>	<b>\$278,857,837</b>	<b>\$293,399,837</b>
<b>General Conditions</b>							
	Limitations on Cost Overruns			Language	Projects receiving supplements must be completed within the revised budget, reduced in scope, or canceled. Agencies and institutions with non-general funds will bear the costs of additional overruns from non-general funds.		
	Project Costs			Language	All capital project reviews, design and construction decisions, and scope changes shall be based on the project life cycle cost that provides the best long-term advantage to the Commonwealth.		
	Six Year Capital Outlay Plan - Report Due Date			Language	Governor's six year capital outlay plan to be delivered to the General Assembly by October 1, 2007.		
	Six Year Capital Outlay Planning Process			Language	The Secretaries of Administration and Finance shall work with the Chairmen of the Senate Finance and House Appropriations Committees to revise the process for production of the six year capital outlay plan to provide for General Assembly review and approval prior to the beginning of each new biennial budget cycle.		

**CAPITAL OUTLAY SUBCOMMITTEE  
MAJOR LANGUAGE AMENDMENTS  
(SB 750)**



Capital Outlay - Special Projects Subcommittee

Item C-0 #2s

**General Conditions**

General Conditions

Language

**Language:**

Page 527, following line 19, Insert:

"Projects receiving supplemental appropriations in this act must be completed within the revised budget, reduced in scope, or canceled. Agencies and institutions with non-general funds will bear the costs of additional overruns from non-general funds."

**Explanation:**

(This amendment places limitations of future cost overruns on capital projects.)

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Capital Outlay - Special Projects Subcommittee

Item C-0 #3s

**General Conditions**

General Conditions

Language

**Language:**

Page 527, following line 19, Insert:

"O. All capital project reviews, design and construction decisions, and scope changes shall be based on the project life cycle cost that provides the best long-term advantage to the Commonwealth."

**Explanation:**

(This amendment requires that capital budgeting decisions be made on the long-term total costs of the capital project and projected operating and maintenance costs.)

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Capital Outlay - Special Projects Subcommittee

Item C-0 #4s

**General Conditions**

General Conditions

Language

**Language:**

Page 527, following line 19, Insert:

"O. The Governor's six year capital improvement plan required pursuant to §

[2.2-1503.2](#), Code of Virginia shall be delivered to the General Assembly by October 1, 2007."

**Explanation:**

(This amendment is self explanatory.)

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Capital Outlay - Special Projects Subcommittee

Item C-0 #5s

**General Conditions**

General Conditions

Language

**Language:**

Page 527, following line 19, Insert:

"O. The Secretaries of Administration and Finance shall work with the Chairmen of the Senate Finance and House Appropriations Committees to revise the process for production of the six year capital improvement plan to provide for General Assembly review and approval prior to the beginning of each new biennial budget cycle."

**Explanation:**

(This amendment is self explanatory.)

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Capital Outlay - Special Projects Subcommittee

Item C-51 #1s

**Education: Higher Education**

George Mason University

Language

**Language:**

Page 539, following line 38, insert:

"George Mason University (GMU) is hereby granted authority to impose restrictive covenants on its property as required by the federal grant supporting this project, by executing and recording a Notice of Federal Interest."

**Explanation:**

(This amendment provides language authorizing George Mason University to place a restrictive covenant on the new Biocontainment Laboratory. The \$25.0 million federal grant received for the project requires the university to record a Notice of Federal Interest in the Prince William County land records. The Assistant Attorney General advised that the university required explicit authority to do so.)

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**Education: Higher Education**

University Of Mary Washington

Language

**Language:**

Page 550, following line 25, insert:

"C-86.40. Alternative Financing Authority

Fund Sources:

1. Subject to the provisions of this act, the General Assembly authorizes the University of Mary Washington to enter into a written agreement or agreements with the University of Mary Washington Real Estate Foundation (UMWREF) to support student housing projects and/or operational related facilities through alternative financing agreements including public-private partnerships.

2. The University of Mary Washington is further authorized to enter into written agreements with UMWREF to support such student housing facilities; the support may include agreements to (i) include the student housing facilities in the University's student housing inventory; (ii) manage the operation and maintenance of the facilities, including collection of rental fees as if those students occupied University-owned housing; (iii) assign students to the facilities in preference to other University-owned facilities; (iv) seek to obtain police power over the student housing as provided by law; and (v) otherwise support the student housing facilities consistent with law, provided that the University shall not be required to take any action that would constitute a breach of the University's obligations under any document or other instruments constituting or securing bonds or other indebtedness of the University or the Commonwealth of Virginia.

3. The General Assembly further authorizes the University of Mary Washington to enter into a written agreement with a public or private entity to design, construct, and finance a facility or facilities to provide additional student housing and/or operational related facilities. The facility or facilities may or may not be located on property owned by the Commonwealth. The University of Mary Washington is also authorized to enter into a written agreement with the public or private entity to lease all or a portion of the facilities. The State Treasury is authorized to make Treasury loans to provide interim financing for planning, construction and other costs of any of the projects. Revenue bonds issued by or for UMWREF will provide construction and/or permanent financing.

4. The University of Mary Washington is further authorized to convey parcels of land to the UMWREF, which will develop the land for the purpose of establishing residential housing for students and/or faculty and staff, office, retail, and other commercial land uses in accordance with the University's approved Master Plan."

**Explanation:**

(This amendment provides alternative financing authority for the University of Mary Washington.)

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Capital Outlay - Special Projects Subcommittee

Item C-94.40 #4s

**Education: Higher Education**

Norfolk State University

Language

**Language:**

Page 552, following line 20, insert:

"Norfolk State is authorized to enter into a long-term lease or other written agreements, with Norfolk State University Foundation (NSUF) or the Enterprise and Empowerment Foundation (E2F) for the development, design, construction and financing of a multilevel parking garage to be located on the University's campus in the City of Norfolk. The development of this additional parking is in accordance with the University's approved Master Plan. NSUF or E2F will develop this parking structure as part of the necessary infrastructure of the University in support of planned public safety as well as existing and planned student housing."

**Explanation:**

(This amendment provides authority for Norfolk State University to enter into a lease for a parking garage.)

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