

*Report of the
House Appropriations
Subcommittee*

on

Capital Outlay



*House Bill 29
&
House Bill 30*

February 17, 2008

REPORT OF THE SUBCOMMITTEE

On

CAPITAL OUTLAY

Mr. Chairman and Members of the Committee:

On behalf of the Capital Outlay Subcommittee, I am pleased to offer budget recommendations that meet the Committee's priorities of addressing the revenue shortfall while prudently using tax-supported debt. First, Mr. Chairman, I would like to thank you for your leadership in the development of the 21st Century Capital Improvement Program, which you patroned in House Bill 1547. For the first time, the legislature will become a partner in the development of long-range capital plans. This will change the way that we evaluate capital needs and bring sound business practices to the capital outlay area. The fact that this came about in a truly bipartisan fashion and was reported unanimously speaks to the strength of the program.

Given our financial situation, the work of the Subcommittee was focused on helping us manage the revenue shortfall. As you will recall, there is more than \$1 billion in general fund projects funded in the 2006-08 biennium. The Subcommittee examined each of these projects and recommends three specific actions which will generate the necessary budgetary savings. First, we recommend that we cash flow 34 projects to free up \$177.9 million in fiscal year 2008. This action will not delay these projects, as the cash amounts specified will not be required until fiscal year 2010. A separate amendment restores these funds in fiscal year 2010. Second, the Subcommittee recommends freezing thirteen projects which have not yet gone to the bid award stage. This will free up \$141.2 million in fiscal year 2008. A separate amendment authorizes the restoration of these funds in fiscal year 2010, contingent on revenue collections. Finally, we recommend supplanting \$225.0 million of general funds with Virginia Public Building Authority bonds.

Mr. Chairman, as members of the Committee are aware, the maintenance reserve program provides funding to repair and replace building systems such as new roofing, heating, cooling and electrical systems. In order

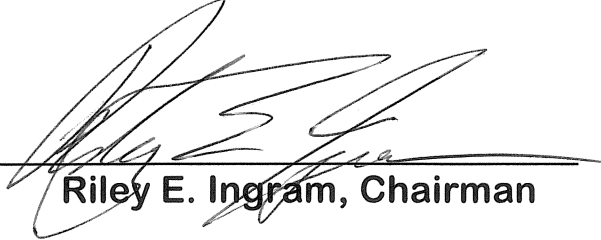
to systematically address this mounting backlog of capital maintenance projects, the Subcommittee recommends the creation of Maintenance Reserve Revolving Fund, leveraging \$75 million through a five-year financing mechanism with the Treasurer. This approach will allow us to elevate capital maintenance to a higher funding priority.

While much of the heavy lifting in capital outlay was accomplished in the 21st Century Capital Improvement Program, we are also pleased to recommend \$119.1 million in House Bill 30 for new construction and renovation projects in public safety, mental health and state parks. In addition, the Subcommittee recommendations reflect \$8.6 million to complete the acquisition of Rockingham Hospital by James Madison University, \$26.3 million for equipment for capital projects that are expected to open in the next two years, and \$47.1 million for cost overruns.

Being mindful of the total debt picture, I am pleased to report that the capital program I have just outlined requires \$721.3 million less in debt authorization than the introduced capital program.

The details of the Subcommittee's report are contained in the attachments. Committee staff will review our report and the attached listing of our recommendations in greater detail, and we hope it will be your pleasure to adopt the report.

Respectfully Submitted by the House Appropriations Subcommittee
on Capital Outlay:



Riley E. Ingram, Chairman



Clarke N. Hogan



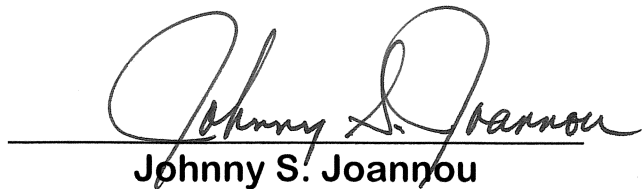
Beverly J. Sherwood



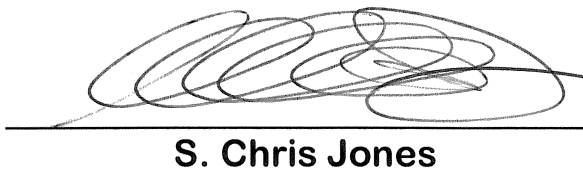
James M. Scott



R. Steven Landes



Johnny S. Joannou



S. Chris Jones



Robert H. Brink

House Bill 29
CAPITAL OUTLAY
Amendment

| General Fund | Nongeneral Fund |
|-------------------------|----------------------------|
|-------------------------|----------------------------|

Treasury Board

| | | |
|--------------------------|-------------|---|
| Debt Service Adjustments | (2,154,700) | 0 |
|--------------------------|-------------|---|

General Conditions

| | | |
|-----------------------------|----------|---|
| Cash Flow Projects | Language | 0 |
| Freeze Capital Projects | Language | 0 |
| Supplant GF | Language | 0 |
| Revert Unobligated Balances | Language | 0 |

Department Of General Services

| | | |
|--------------|----------|---|
| War Memorial | Language | 0 |
|--------------|----------|---|

Virginia School For The Deaf And The Blind At Staunton

| | | |
|---------------------------------------|-------------|---|
| Reduce scope of consolidation project | (1,442,000) | 0 |
|---------------------------------------|-------------|---|

Old Dominion University

| | | |
|-------------|---|-----------|
| Webb Center | 0 | 8,658,683 |
|-------------|---|-----------|

Virginia Military Institute

| | | |
|-----------------------|---|-----------|
| Commandant's Quarters | 0 | 1,200,000 |
|-----------------------|---|-----------|

Jamestown-Yorktown Foundation

| | | |
|-----------------|---|-----------|
| Yorktown Museum | 0 | 1,590,000 |
|-----------------|---|-----------|

Central Capital Outlay

| | | |
|--|--------------|---|
| Maintenance reserve | Language | 0 |
| Eliminate maintenance reserve increase | (50,000,000) | 0 |
| Reduce maintenance reserve | (33,350,500) | 0 |

Central Capital Outlay

| | | |
|---|---|-------------|
| Supplant GF with Bonds Companion | 0 | 225,000,000 |
| Renovate and Expand Bridgeforth Stadium | 0 | 40,000,000 |
| Residence Halls | 0 | Language |
| GMU Faculty and Staff Housing | 0 | Language |

House Bill 30
CAPITAL OUTLAY
Amendment

| General Fund | Nongeneral Fund |
|-------------------------|----------------------------|
|-------------------------|----------------------------|

| | | |
|---|--------------|---------------|
| Treasury Board | | |
| Debt Service Adjustments | (21,017,555) | 0 |
| Central Appropriations | | |
| Restore Frozen Projects in HB 29 | 0 | Language |
| General Conditions | | |
| Sewage Plant Restriction | 0 | Language |
| Department Of General Services | | |
| Remove 8th and 9th | 0 | (185,100,000) |
| Remove Tax Building | 0 | (85,000,000) |
| Virginia School For The Deaf And The Blind At Staunton | | |
| VSDB Safety | (669,000) | 0 |
| VSDB Abatement | (446,000) | 0 |
| VSDB Roof Repairs | (1,408,000) | 0 |
| Christopher Newport University | | |
| Residential Housing | 0 | 13,500,000 |
| Land Acquisition | 0 | 14,400,000 |
| The College Of William And Mary In Virginia | | |
| School of Education | 0 | (38,085,000) |
| George Mason University | | |
| Defer equipment | 0 | (5,500,000) |
| Fairfax Admin Building | 0 | Language |
| Prince William Arts Center | 0 | 1,000,000 |
| Swing Space | 0 | 6,000,000 |
| SUB I | 0 | 4,000,000 |
| James Madison University | | |
| Change project title to Construct Music Recital Hall | 0 | Language |
| Norfolk State University | | |
| New Library | 0 | (45,139,000) |
| Radford University | | |
| Business School | 0 | (34,702,000) |
| University Of Mary Washington | | |
| Defer equipment | 0 | (1,500,000) |
| Provide NGF authority for the Melchers Welding Addition | 0 | 800,000 |
| University Of Virginia's College At Wise | | |
| Multipurpose Building and Renovate Greear Gym | 0 | 25,000,000 |
| Virginia Commonwealth University | | |
| School of Medicine | 0 | 56,100,000 |
| Virginia Community College System | | |

House Bill 30
CAPITAL OUTLAY
Amendment

| General Fund | Nongeneral Fund |
|-------------------------|----------------------------|
|-------------------------|----------------------------|

| | | |
|---|--------------|--------------|
| Defer equipment | 0 | (8,600,000) |
| Defer equipment | 0 | (8,200,000) |
| Defer equipment | 0 | (2,800,000) |
| Defer equipment | 0 | (6,100,000) |
| Eliminate equipment | 0 | (700,000) |
| Eliminate equipment | 0 | (900,000) |
| Portsmouth Student Center | 0 | 4,306,000 |
| Chesapeake Student Center | 0 | 20,753,000 |
| Virginia Beach Student Center | 0 | 6,560,000 |
| Norfolk Student Center | 0 | 3,825,000 |
| Virginia Military Institute | | |
| Eliminate equipment | 0 | (760,000) |
| Virginia Polytechnic Institute And State University | | |
| Signature Engineering Building | 0 | 35,000,000 |
| Jamestown-Yorktown Foundation | | |
| Yorktown Museum | (1,500,000) | (1,590,000) |
| Department Of Mental Health, Mental Retardation And Substance Abuse Services | | |
| Defer Central Va. Training Center | 0 | (22,000,000) |
| Defer Southeastern Va. Training Center | 0 | (9,000,000) |
| Department Of Conservation And Recreation | | |
| High Bridge Park | 0 | (4,500,000) |
| Powhatan Park | 0 | (3,000,000) |
| Land Acquisition | 0 | (50,000,000) |
| Andy Guest Cabins | 0 | 2,425,000 |
| Department Of Alcoholic Beverage Control | | |
| Provide NGF maintenance reserve | 0 | 800,000 |
| Central Capital Outlay | | |
| Maintenance Reserve | (50,000,000) | 150,000,000 |
| Cost Overruns | 0 | 7,905,000 |
| Restore Cash Flow | 177,900,000 | 0 |
| Implement House Bill 1547 | 10,850,000 | 0 |
| 9(d) Revenue Bonds | | |
| 9(d) Revenue Table | 0 | Language |
| VPBA Table | 0 | Language |
| VCBA Table | 0 | Language |

General Conditions

General Conditions

Language

Language:

Page 231, after line 38, insert:

"R. On or before June 30, 2008, the State Comptroller shall revert to the general fund an amount estimated at \$177,900,000 from the following capital projects listed in the table below by agency, fund code, and project code listed; provided, however, that the Director, Department of Planning and Budget, may direct the restoration of any portion of the reverted amount if the Director shall subsequently verify an unpaid obligation which cannot be paid as a result of this reversion:

| Agency Code | Project Code | Fund Code |
|-------------|---------------|-----------|
| 204 | 16784 | 0100 |
| 204 | 17278 | 0100 |
| 207 | 16528 | 0100 |
| 208 | 16758 | 0100 |
| 208 | 17291 | 0100 |
| 209 | 17155 | 0100 |
| 211 | 17304 | 0100 |
| 212 | 17305 | 0100 |
| 214 | 17323 | 0100 |
| 215 | 16803 | 0100 |
| 215 | 16594 | 0100 |
| 216 | 16806 / 16807 | 0100 |
| 217 | 16814 | 0100 |
| 238 | 16495 | 0100 |
| 242 | 16828 / 17414 | 0100 |
| 247 | 16607 | 0100 |
| 247 | 16832 | 0100 |
| 247 | 17365 | 0100 |
| 247 | 16745 | 0100 |
| 247 | 17486 | 0100 |
| 247 | 16523 | 0100 |
| 260 | 16611 | 0100 |

| | | |
|-----|-------|------|
| 260 | 16843 | 0100 |
| 260 | 16836 | 0100 |
| 260 | 16851 | 0100 |
| 260 | 16849 | 0100 |
| 260 | 17375 | 0100 |
| 260 | 17380 | 0100 |
| 260 | 17167 | 0100 |
| 777 | 16723 | 0100 |
| 799 | 16991 | 0100 |
| 799 | 17267 | 0100 |
| " | | |

Explanation:

(This amendment reverts general fund from capital projects provided in Chapter 847, Acts of Assembly. The reversion is based on each project's cash flow requirements which indicate that these amounts will not be required until fiscal year 2010. A companion amendment in House Bill 30 restores these funds in fiscal year 2010.)

Capital Outlay Subcommittee

Item C-0 #2h

General Conditions

General Conditions

Language

Language:

Page 231, after line 38, insert:

"R. 1. On or before June 30, 2008, the State Comptroller shall revert to the general fund an amount estimated at \$141,200,000 from the following capital projects listed in the table below by agency, fund code, and project code. The Director, Department of Planning and Budget, may direct the restoration of any portion of the reverted amount if the Director shall subsequently verify an unpaid obligation which cannot be paid as a result of this reversion.

| Agency Code | Project Code | Fund Code |
|-------------|--------------|-----------|
| 212 | 17306 | 0100 |
| 236 | 17452 | 0100 |
| 246 | 17362 | 0100 |
| 246 | 17451 | 0100 |
| 260 | 17377 | 0100 |

| | | |
|-----|-------|------|
| 260 | 17378 | 0100 |
| 260 | 17379 | 0100 |
| 260 | 17383 | 0100 |
| 260 | 17384 | 0100 |
| 260 | 17386 | 0100 |
| 260 | 17387 | 0100 |
| 268 | 17489 | 0100 |
| 702 | 17231 | 0100 |

2. In addition, no state agency, department or institution shall enter, renew or extend any contract for work on any aspect of a capital project funded by the general fund. Any such contract shall be submitted to the Director of the Department of Planning and Budget for prior written approval. Any amounts to be paid on existing contracts for general fund capital projects may be made only upon presentation of proper documentation to the Director of actual obligations and expenses which are due and owing under a contract entered prior to the effective date of this Act."

Explanation:

(This amendment reverts general fund from capital projects provided in Chapter 847, Acts of Assembly. The projects are frozen at the current project stage until funding is restored.)

Capital Outlay Subcommittee

Item C-0 #3h

General Conditions

General Conditions

Language

Language:

Page 231, after line 38, insert:

"R. On or before June 30, 2008, the State Comptroller shall revert to the general fund an amount estimated at \$225,000,000 from the following capital projects listed in the table below by agency, fund code, and project code listed; provided, however, that the Director, Department of Planning and Budget, may direct the restoration of any portion of the reverted amount if the Director shall subsequently verify an unpaid obligation which cannot be paid as a result of this reversion:

| Agency Code | Project Code | Fund Code |
|-------------|--------------|-----------|
| 207 | 16283 | 0100 |
| 208 | 17120 | 0100 |

| | | |
|-----|-------|------|
| 211 | 17303 | 0100 |
| 211 | 17304 | 0100 |
| 236 | 16721 | 0100 |
| 268 | 16522 | 0100 |
| 720 | 17456 | 0100 |
| 720 | 16973 | 0100 |
| 778 | 17459 | 0100 |
| 123 | 17245 | 0100 |
| 156 | 17250 | 0100 |
| 194 | 16967 | 0100 |
| 194 | 17182 | 0100 |
| 203 | 17229 | 0100 |
| 208 | 16714 | 0100 |
| 214 | 17448 | 0100 |
| 214 | 17449 | 0100 |
| 246 | 16830 | 0100 |
| 260 | 16836 | 0100 |
| 260 | 16848 | 0100 |
| 260 | 17117 | 0100 |
| 260 | 17375 | 0100 |
| 263 | 17230 | 0100 |
| 292 | 17453 | 0100 |
| 425 | 17455 | 0100 |
| 720 | 17227 | 0100 |
| 720 | 17228 | 0100 |
| 777 | 15203 | 0100 |
| 777 | 15204 | 0100 |
| 777 | 17254 | 0100 |
| 799 | 15755 | 0100 |
| 799 | 16732 | 0100 |
| 799 | 16990 | 0100 |
| 799 | 16993 | 0100 |
| 799 | 17263 | 0100 |
| 799 | 17264 | 0100 |
| 799 | 17265 | 0100 |

".

Explanation:

(This amendment reverts general fund from capital projects provided in Chapter 847, Acts of Assembly. A companion amendment in item C-326.20 restores the funding through proceeds from the Virginia College Building Authority.)

| | | | |
|-------------------------------|-----------------|-----------------|-----|
| Central Appropriations | FY 08-09 | FY 09-10 | |
| Central Capital Outlay | \$0 | (\$50,000,000) | GF |
| | \$75,000,000 | \$75,000,000 | NGF |

Language:

Page 477, line 23, strike "\$0" and insert "\$75,000,000".

Page 477, line 23, strike "\$50,000,000" and insert "\$75,000,000".

Page 477, line 24, strike "General" and insert "Bond Proceeds".

Page 477, line 26, strike "general fund" and insert:

"bond proceeds of the Virginia Public Building Authority".

Page 477, strike lines 31 through 50.

Page 478, strike lines 1 through 26 and insert:

| Agency Name | Project Code | FY 2009 | FY 2010 |
|---|---------------------|----------------|----------------|
| Department of General Services | 14260 | 2,638,000 | 2,785,000 |
| Department of Veterans Services | 17073 | 48,000 | 50,000 |
| Department of Agriculture and Consumer Services | 12253 | 354,000 | 374,000 |
| Department of Forestry | 13986 | 190,000 | 200,000 |
| Department of Mines, Minerals and Energy | 13096 | 64,000 | 67,000 |
| Virginia School for the Deaf and the Blind at Staunton | 14082 | 4,247,000 | 301,000 |
| Christopher Newport University | 12719 | 575,000 | 607,000 |
| The College of William and Mary in Virginia | 12713 | 2,366,000 | 2,498,000 |
| Richard Bland College | 12716 | 76,000 | 80,000 |
| Virginia Institute of Marine Science | 12331 | 401,000 | 424,000 |
| George Mason Univeristy | 12712 | 3,154,000 | 3,330,000 |
| James Madison University | 12718 | 2,452,000 | 2,589,000 |
| Longwood University | 12722 | 1,308,000 | 1,381,000 |
| Norfolk State University | 12724 | 4,111,000 | 4,340,000 |
| Old Dominion University | 12710 | 1,811,000 | 1,912,000 |
| Radford University | 12731 | 933,000 | 985,000 |
| University of Mary Washington | 12723 | 606,000 | 640,000 |
| University of Virginia | 12704 | 7,054,000 | 7,447,000 |
| University of Virginia's College at Wise | 12706 | 373,000 | 394,000 |

| | | | |
|--|-------|---------------------|------------------------|
| Virginia Commonwealth University | 12708 | 4,848,000 | 5,118,000 |
| Virginia Community College System | 12611 | 6,904,000 | 7,289,000 |
| Virginia Military Institute | 12732 | 1,160,000 | 1,225,000 |
| Virginia Polytechnic Institute and State University | 12707 | 8,221,000 | 8,679,000 |
| Virginia State University | 12733 | 3,489,000 | 3,684,000 |
| Frontier Culture Museum of Virginia | 15045 | 105,000 | 111,000 |
| Gunston Hall | 12382 | 76,000 | 80,000 |
| Jamestown-Yorktown Foundation | 13605 | 514,000 | 543,000 |
| The Library of Virginia | 17423 | 3,000 | 3,000 |
| The Science Museum of Virginia | 13634 | 763,000 | 805,000 |
| Virginia Museum of Fine Arts | 13633 | 871,000 | 919,000 |
| Southwest Virginia Higher Education Center | 16499 | 64,000 | 67,000 |
| Department of Taxation | 15994 | 336,000 | 355,000 |
| Department of Mental Health, Mental Retardation and Substance Abuse Services | 10880 | 6,001,000 | 6,336,000 |
| Woodrow Wilson Rehabilitation Center | 10885 | 1,038,000 | 1,096,000 |
| Department for the Blind and Vision Impaired | 13942 | 220,000 | 233,000 |
| Department of Conservation and Recreation | 16646 | 609,000 | 643,000 |
| Marine Resources Commission | 16498 | 61,000 | 65,000 |
| Virginia Museum of Natural History | 14439 | 67,000 | 70,000 |
| Department of Corrections | 10887 | 4,326,000 | 4,567,000 |
| Department of Emergency Management | 15989 | 61,000 | 65,000 |
| Department of Forensic Science | 16320 | 69,000 | 73,000 |
| Department of Juvenile Justice | 15081 | 1,758,000 | 1,857,000 |
| Department of Military Affairs | 10893 | 457,000 | 483,000 |
| Department of State Police | 10886 | 218,000 | 230,000 |
| Total | | \$75,000,000 | \$75,000,000" . |

Page 478, line 53, after "deficiencies", insert:

", including restoration of major state-owned capital assets used in exhibition spaces of art museums,".

Page 479, after line 4, insert:

"F. Out the amount allocated for the Virginia School for the Deaf and Blind at Staunton (14082), \$3,965,000 the first year is designated for roof repairs, safety hazard repairs, and lead paint and asbestos abatement."

Explanation:

(This amendment creates the Maintenance Reserve Revolving Fund.)

| | | |
|-------------------------------|-----------------|------------------|
| Central Appropriations | FY 08-09 | FY 09-10 |
| Central Capital Outlay | \$0 | \$177,900,000 GF |

Language:

Page 479, after line 50, insert:

"C-177.10. Restore Capital Project Cash \$177,900,000

Flows

Fund Sources: General \$177,900,000".

The Director, Department of Planning and Budget, shall restore amounts estimated at \$177,900,000 to the following capital projects listed in the table below by agency, fund code, and project code.

| Agency Code | Project Code | Fund Code |
|-------------|---------------|-----------|
| 204 | 16784 | 0100 |
| 204 | 17278 | 0100 |
| 207 | 16528 | 0100 |
| 208 | 16758 | 0100 |
| 208 | 17291 | 0100 |
| 209 | 17155 | 0100 |
| 211 | 17304 | 0100 |
| 212 | 17305 | 0100 |
| 214 | 17323 | 0100 |
| 215 | 16803 | 0100 |
| 215 | 16594 | 0100 |
| 216 | 16806 / 16807 | 0100 |
| 217 | 16814 | 0100 |
| 238 | 16495 | 0100 |
| 242 | 16828 / 17414 | 0100 |
| 247 | 16607 | 0100 |
| 247 | 16832 | 0100 |
| 247 | 17365 | 0100 |
| 247 | 16745 | 0100 |
| 247 | 17486 | 0100 |
| 247 | 16523 | 0100 |
| 260 | 16611 | 0100 |
| 260 | 16843 | 0100 |
| 260 | 16836 | 0100 |
| 260 | 16851 | 0100 |

| | | |
|-----|-------|--------|
| 260 | 16849 | 0100 |
| 260 | 17375 | 0100 |
| 260 | 17380 | 0100 |
| 260 | 17167 | 0100 |
| 777 | 16723 | 0100 |
| 799 | 16991 | 0100 |
| 799 | 17267 | 0100". |

Explanation:

(This amendment restores funds reverted from capital projects in House Bill 29. The reversion was based on each project's cash flow requirements which indicated that these amounts were not required until fiscal year 2010.)
