



Report of the Subcommittee on
Capital Outlay

Senate Finance Committee
Virginia General Assembly

February 3, 2013



SENATE OF VIRGINIA

Senate Finance Committee

2013 Report of the Capital Outlay Subcommittee The Honorable Frank M. Ruff, Jr., Chairman February 3, 2013

Mr. Chairman and Members of the Committee:

At your direction, the Capital Outlay Subcommittee took the approach from the beginning of this session to work collegially with our counterparts in the House of Delegates to address the many capital project needs throughout state government. I am pleased to provide our resulting recommendations for a comprehensive capital program that has been embraced by both bodies.

Our first task was to carefully evaluate the recommendations of the Debt Capacity Advisory Committee to determine what the scope of this comprehensive approach would be. Because our revenues have stabilized, interest rates remain at historically low levels, and the amount of debt authorized in recent sessions has been minimal, we learned that our total ten-year debt capacity is over \$6.4 billion.

Our next task was to evaluate what the Governor proposed in the introduced budget. Last year, in Chapter 3, the General Assembly authorized 33 capital projects to go to detailed planning. The Governor took a good first step by proposing \$263.8 million in bonds to move some of these projects forward. Unfortunately, this amount would only permit about a quarter of these projects to go to construction.

The amendments we commend to you today will allow all of these projects, which have been thoroughly vetted, to move forward to construction. In addition to these 33 projects, we are recommending an additional 14 projects, for a comprehensive capital pool package totaling nearly \$1.0 billion. While most of these projects are addressing essential needs in our colleges and universities, we are also undertaking critical projects for the

Department of Veterans Services, State Police, Department of Corrections, State Parks, and buildings at the seat of government.

In order to finance this proposed pool of projects, we have identified \$120 million in existing debt authority that will be reprogrammed. Of this amount, \$85 million is the result of savings from the 2008 and 2010 capital pools, due in part to our use of a pooled project approach. The remaining \$35.2 million is from unused energy conservation bonds as these projects can be funded through the existing performance contracting authorization.

As I mentioned before, the introduced budget proposed \$263.8 million in new bonds. With the \$120 million we have programmed, we are recommending approximately \$552 million in additional bonds to move all these projects to construction. However, because of the cash flow of these projects, we are limiting the maximum amount of bonds that can be issued for these projects to no more than \$250 million per year over the next three years, with the balance available in the fourth year.

We have asked the Treasury Department to evaluate this proposal, in addition to the water quality bonds that Senator Watkins mentioned. I am pleased to report that we will use only a fraction of our available debt capacity. In fact, including all our outstanding debt obligations, the ten year average ratio of debt service to projected general fund revenues will be about 4.5 percent, well under our self-imposed 5.0 percent limit.

In 2008, the General Assembly adopted a six-year capital outlay planning process. This process is working well. Thanks to the revolving planning fund, which will be replenished as these other projects move to construction, we are recommending 26 additional projects that will move to detailed planning as the funds become available.

Mr. Chairman, this completes the report of your subcommittee and we hope it will be the pleasure of the committee to adopt our amendments.

Respectfully Submitted,

The Honorable Frank M. Ruff, Jr., Chairman

The Honorable Charles J. Colgan

The Honorable John C. Watkins

The Honorable Henry L. Marsh, III

Part 2. Capital Project Expenses

Biennial GF Biennial NGF Biennial Total

1	General Conditions			
2	C-0 #1s: VSU Alternative Finance			Language
3	The College Of William And Mary In Virginia			
4	C-3.20 #1s: CWM School of Law		\$14,000,000	\$14,000,000
5	C-3.20 #2s: Property Acquisition		\$1,000,000	\$1,000,000
6	George Mason University			
7	C-8.15 #1s: Correct Error in Introduced Budget		(\$2,687,000)	(\$2,687,000)
8	James Madison University			
9	C-13.20 #1s: JMU Field Hockey		\$4,250,000	\$4,250,000
10	Longwood University			
11	C-13.40 #1s: Longwood Stubbs Hall		\$10,000,000	\$10,000,000
12	Virginia Community College System			
13	C-31.10 #1s: VCCS Danville Workforce with VCBA		(\$3,700,000)	(\$3,700,000)
14	Virginia Military Institute			
15	C-31.50 #1s: VMI Improve Post Facilities		\$4,000,000	\$4,000,000
16	C-31.50 #2s: VMI - Acquire George Marshall Building			Language
17	Department Of Game And Inland Fisheries			
18	C-33.40 #1s: Improvements to Wildlife Management Areas		\$2,525,000	\$2,525,000
19	Department Of Transportation			
20	C-35.30 #1s: VDOT Keene Area HQ			Language
21	Department Of Veterans Services			
22	C-34.10 #1s: Hampton Roads Care Center			Language
23	C-34.15 #1s: Northern Virginia Language			Language
24	Central Capital Outlay			
25	C-37 #1s: Maintenance Reserve		\$200,000	\$200,000
26	C-38 #1s: Equipment Supplements		\$5,912,000	\$5,912,000
27	C-38.10 #1s: Capital Pool Adjustments		(\$249,829,000)	(\$249,829,000)
28	C-38.20 #1s: Reprogram debt			Language
29	C-39.05 #1s: Project Planning		(\$250,000)	(\$250,000)
30	C-39.30 #1s: Energy Bonds		(\$35,250,000)	(\$35,250,000)
31	C-39.40 #1s: Comprehensive Capital Program		\$936,000,000	\$936,000,000
32	Total for Capital Outlay		(\$3,950,000)	\$690,121,000

General Conditions

General Conditions

Language

Language:

Page 452, after line 34, insert:

"8. Virginia State University

a. Subject to the provisions of this act, the General Assembly authorizes Virginia State University (University) to enter into a written agreement or agreements with the Virginia State University Foundation (VSUF), Virginia State University Real Estate Foundation (VSUREF), and other entities owned or controlled by the university for the development, design, construction, financing, and management of a mixed-use economic development corridor comprising student housing, parking, and dining facilities through alternative financing agreements including public-private partnerships. The facility or facilities may be located on property owned by the Commonwealth.

b. Virginia State University is further authorized to enter into a written agreement with the VSUREF, VSUF, and other entities owned or controlled by the university for the support of such a mixed-use economic development corridor comprising student housing, parking, and dining facilities by including these projects in the university's facility inventory and managing their operation and maintenance; by assigning parking authorizations, students and/or operations to the facility or facilities in preference to other university facilities; by restricting construction of competing projects; and by otherwise supporting the 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 documents or other instruments constituting or securing bonds or other indebtedness of the university or the Commonwealth of Virginia."

Page 452, line 35, strike "8." and insert "9."

Explanation:

(This amendment provides additional flexibility to the university in any future efforts to develop and construct various nongeneral fund facilities. This language is consistent with authority provided to other institutions of higher education.)

Education: Higher Education

Virginia Military Institute

Language

Language:

Page 459, after line 19

"C-31.50. Acquisition: George C. Marshall

Research Library Building, Virginia

Military Institute.

Fund Sources:

The Virginia Military Institute is hereby authorized to accept the George C. Marshall Research Library Building as a gift from the George C. Marshall Foundation in FY 2013. The gift contains a parcel of 0.5 acres with improvements including a 26,750 square foot facility."

Explanation:

(This amendment would authorize the Virginia Military Institute to acquire the George C. Marshall Research Library Building. The building is being gifted to the Institute from the George C. Marshall Foundation.)

Natural Resources	FY 12-13	FY 13-14
Department Of Game And Inland Fisheries	\$0	\$2,525,000 NGF

Language:

Page 460, after line 37, insert:

"C-33.40. Improvements to Wildlife Management Area Facilities	\$0	\$2,525,000
Fund Sources: Dedicated Special Revenue	\$0	\$631,250
Federal Trust	\$0	\$1,893,750"

Explanation:

(This amendment provides additional nongeneral fund appropriation for the agency's capital project, Improvements to Wildlife Management Area Facilities (16368). The agency has sufficient nongeneral fund resources to support this appropriation.)

**Veterans Affairs And Homeland
Security**

Department Of Veterans Services

Language

Language:

Page 462, line 16, after "cost", insert:

", so that the project may proceed without further action by the Commonwealth, in accordance with 38 CFR 59.50 and 38 CFR 59.70(b). The treasury loan shall be repaid by such sources of funding as determined by the Governor and General Assembly. The Director, Department of Planning and Budget, is authorized to sign and certify any federal documents or forms to acknowledge that the state share of funding for the Hampton Roads Veterans Care Center is available without further action by the Commonwealth".

Explanation:

(This amendment alters budget language regarding the availability of state matching funds for construction of a new veterans care center in the Hampton Roads area of Virginia to comply with the Code of Federal Regulations (CFR). 38 CFR 59.50 and 38 CFR 59.70(b) require Virginia to certify, once it is determined that federal funds are to be allocated, that the project may proceed "without further action required by the state.")

Veterans Affairs And Homeland Security

Department Of Veterans Services

Language

Language:

Page 462, after line 21, insert:

"C-34.15 New Construction: Northern Virginia Veterans Care Center

The Governor is authorized to request federal funds to construct a new veterans care center with up to 240 beds in the northern area of Virginia. After the United States Department of Veterans Affairs has determined that federal funds will be allocated for the new center, the Director, Department of Planning and Budget, shall approve a short-term, interest-free treasury loan in the amount of \$28,500,000 to the Department of Veterans Services for the state share of the construction cost, so that the project may proceed without further action by the Commonwealth, in accordance with 38 CFR 59.50 and 38 CFR 59.70(b). The treasury loan shall be repaid by such sources of funding as determined by the Governor and General Assembly. The Director, Department of Planning and Budget, is authorized to sign and certify any federal documents or forms to acknowledge that the state share of funding for the Northern Virginia Veterans Care Center is available without further action by the Commonwealth."

Explanation:

(This amendment provides budget language regarding the availability of state matching funds for construction of a new veterans care center in the Northern Virginia area to comply with the Code of Federal Regulations (CFR). 38 CFR 59.50 and 38 CFR 59.70(b) require Virginia to certify, once it is determined that federal funds are to be allocated, that the project may proceed "without further action required by the state.")

Transportation

Department Of Transportation

Language

Language:

Page 463, after line 5, insert:

"C-35.30.

Fund Sources:

The Virginia Department of Transportation is authorized to enter into negotiations and execute a property transfer at the Keene Area Headquarters with the adjacent property owner to exchange parcels of land for a new septic system. The Commissioner of Highways shall certify that this exchange is advantageous to the Commonwealth.”

Explanation:

(This amendment authorizes the Department of Transportation (VDOT) to exchange land parcels with an adjacent property owner in Keene to allow for a new septic system. The land parcel currently owned by VDOT is not suitable for a septic system.)

Central Appropriations	FY 12-13	FY 13-14
Central Capital Outlay	\$0	\$200,000 NGF

Language:

Page 463, line 22, strike "\$61,026,092" and insert "\$61,226,092".

Page 463, line 25, strike "\$61,026,092" and insert "61,226,092".

Page 464, line 27, strike the second "\$50,000" and insert "\$250,000".

Page 466, after line 14, insert:

"M. Out of the allocation for Central Capital Outlay for Contingency Funding, the Department of General Services, with the cooperation of Norfolk State University and the City of Norfolk, shall address pedestrian crossing safety issues at the Brambleton Avenue HRT light-rail station."

Explanation:

(This amendment provides additional maintenance reserve allocation for HVAC replacement at Frontier Culture Museum and directs the use of the central contingency to correct life safety issues at Norfolk State University.)

Central Appropriations	FY 12-13	FY 13-14
Central Capital Outlay	\$5,912,000	\$0 NGF

Language:

Page 466, line 16, strike "\$31,500,000" and insert "\$37,412,000".

Page 466, after line 40, insert:

"Science Museum of Virginia (146)
Construct Danville Science Center Equipment".

Page 466, after line 50, insert:

"Construct Lab Building, Prince William (17848)".

Page 467, after line 2, insert:

"New College Institute (938)
Construct New Manufacturing Facility (18045)".

Explanation:

(This amendment provides for a supplement to capital equipment funding for buildings coming online this biennium.)

Central Appropriations	FY 12-13	FY 13-14
Central Capital Outlay	\$14,000,000	(\$263,829,000) NGF

Language:

Page 467, line 4, strike "\$103,154,056" and insert "\$117,154,056".

Page 467, line 5, strike "\$263,829,000" and insert "\$0".

Page 467, line 10, strike "and those approved in accordance with the".

Page 467, line 11, strike "provisions of paragraph D."

Page 467, line 17, strike "\$337,197,856" and insert "\$74,368,856".

Page 467, line 19, strike "and those approved in accordance with the".

Page 467, line 20, strike "provisions of paragraph D."

Page 468, strike lines 34 through 46.

Explanation:

(This amendment eliminates the proposed increase to capital pool debt in the second year and makes a technical correction to the capital pool amount to reflect revised project estimates. In addition, the proposed new capital project program is removed. A companion amendment in Item C-39.40 provides for a more comprehensive capital program to address projects previously approved by the General Assembly.)

Central Appropriations

Central Capital Outlay

Language

Language:

Page 468, strike lines 47 through 54 and insert "Omitted".

Page 469, strike lines 1 through 17.

Explanation:

(This amendment eliminates the proposed reallocation of previously authorized debt for a new project pool. The projects have been shifted to Item C-39.40 as part of the comprehensive capital outlay program.)

Central Appropriations	FY 12-13	FY 13-14
Central Capital Outlay	(\$250,000)	\$0 GF

Language:

Page 469, line 19, strike "\$41,743,729" and insert "\$41,493,729".

Page 469, strike line 35.

Page 470, strike line 37.

Page 470, line 38, strike "phase, the" and insert "H.1. The"

Page 471, after line 19, insert:

"2. The following projects are authorized to proceed to preplanning:

- 194 Department of General Services Renovate Supreme Court Interior
- 194 Department of General Services Capitol Complex Infrastructure and Security
- 207 University of Virginia Renovate Gilmer Hall and Chemistry Building
- 214 Longwood University Admissions Office
- 214 Longwood University New Academic Building
- 216 James Madison University Renovate Madison Hall
- 229 Virginia Cooperative Extension and Agricultural Experiment Station Improve Kentland Facilities
- 242 Christopher Newport University Construct and Renovate Fine Arts and Rehearsal Space
- 260 Virginia Community College System Renovate Godwin Building, Northern Virginia CC Annandale Campus
- 268 Virginia Institute of Marine Science Construct Facilities Management Building.

3. The Director, Department of Planning and Budget shall provide \$13,000,000 from the Central Capital Planning Fund established under § 2.2-1520 of the Code of Virginia and \$16,000,000 from higher education nongeneral fund revenue sources for the projects contained in paragraphs H. 1. and H. 2. Agencies and institutions of higher education may utilize additional nongeneral funds, for which they will be reimbursed upon approval of construction funding for their project, to advance these projects. The Director, Department of Planning and Budget shall appropriate additional nongeneral fund upon request from agencies and institutions."

Page 471, line 20, strike "2." and insert "4."

Explanation:

(This amendment provides for the movement of projects to planning phase.)

Central Appropriations

FY 12-13

FY 13-14

Central Capital Outlay

\$0

(\$35,250,000) NGF

Language:

Page 472, line 28, strike "\$35,250,000" and insert "\$0".

Page 472, strike lines 30 through 51,

Page 473, strike lines 1 through 3.

Explanation:

(This amendment redirects previously approved bond authority. The unused authority is incorporated in the comprehensive capital program under companion Item C-39.30.)

Central Appropriations	FY 12-13	FY 13-14
Central Capital Outlay	\$0	\$936,000,000 NGF

Language:

Page 473, after line 3, insert:

"C-39.40. Comprehensive Capital Outlay Program	\$0	\$936,000,000
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Fund Sources: Higher Education Operating	\$0	\$56,000,000
Bond Proceeds	\$0".	\$880,000,000".

"A. 1. The capital projects in paragraph B. of this item are hereby authorized and may be financed in whole or in part through bonds of the Virginia College Building Authority pursuant to § 23-30.24 et seq., Code of Virginia, or the Virginia Public Building Authority pursuant to § 2.2-2263, Code of Virginia. Bonds of the Virginia College Building Authority issued to finance these projects may be sold and issued under the 21st Century College Program at the same time with other obligations of the Authority as separate issues or as a combined issue. The aggregate principle amounts will not exceed \$880,000,000 plus amounts to fund related issuance costs, and other financing expenses, in accordance with § 2.2-2263 of the Code of Virginia.

2. Notwithstanding any other provision of law, the Director, Department of Planning and Budget, shall provide for the construction, renovation, or improvement of the projects listed in paragraph B. from proceeds previously authorized in Part 2, §§ 1 through 4 of Chapter 1, 2008 Acts of Assembly, Special Session 1 and from proceeds previously authorized in Items C-85 and C-86, Chapter 874, 2010 Acts of Assembly.

3. From the list of projects included in paragraph B of this item, the Director of the Department of Planning and Budget shall provide the Chairmen of the Virginia College Building Authority and the Virginia Public Building Authority with the specific projects, as well as the amounts for these projects, to be financed by each authority within the dollar limit established by this authorization.

4. Debt service on the projects contained in this item shall be provided from appropriations to the Treasury Board.

5. The appropriations for said capital projects are contained in this item and are subject to the conditions in § 2-0 F of this act.

6. That, except as provided herein, the Commonwealth shall not issue more than a total of \$250 million in debt or other payment obligations in any fiscal year for the capital projects set forth in this item. Provided, however, if the Commonwealth incurs less than a total of \$250 million in debt or other payment obligations in any fiscal year for such capital projects, the difference between \$250 million and the amount of

debt or other payment obligations incurred in the fiscal year may be incurred in any other subsequent fiscal year for purposes of financing such capital projects. Only under this circumstance may the Commonwealth incur more than a total of \$250 million in debt or other payment obligations in a fiscal year for such capital projects.

7. Agencies and institutions shall submit cash flows requirements for each project to the Director, Department of Planning and Budget and the Director, Department of General Services, the Chairman of the House Appropriations and Senate Finance Committees and the Six-Year Capital Outlay Advisory Committee. The cash flows shall indicate quarterly cash needs to complete planning, working drawings and construction funding to the projects completion.

8. In accordance with § 2.2-1520, the Director, Department of Planning and Budget shall reimburse the Central Capital Planning Fund, agencies and institutions for the amounts provided for and expenses incurred for project planning for the projects in paragraph B. of this item.

9. All projects are authorized to proceed to working drawings and then to construction phase within the parameters outlined in § 2.2-1519, Code of Virginia.

10. Beginning July 1, 2013, the Director, Department of Planning and Budget and the Director, Department of General Services shall provide a quarterly progress report to the Chairman of the House Appropriations and Senate Finance Committees on the projects in this item.

B. The General Assembly hereby appropriates \$56,000,000 from nongeneral fund sources in the second year for the projects listed in this section.

Agency	Project Title
Science Museum of Virginia	Construct Event Space and Upgrade Museum Exhibits
Virginia State Police	Area Offices 14, 16 & 26
Department of General Services	Renovation of the 9th Street Office Building and Parking Deck
Department of Conservation and Recreation	Complete Phase I Development, Powhatan State Park and Road Improvement
Department of Conservation and Recreation	Widewater State Park, Phase I A
Department of Conservation and Recreation	New Cabins Various State Parks
Library of Virginia	State Library Improvements for Storage, Security and IT
Woodrow Wilson Rehabilitation Center	Renovate Dining Hall and Activities Building, Phase II
Woodrow Wilson Rehabilitation Center	Renovate Anderson Vocational Training

College of William and Mary	Building, Phase I
University of Virginia	Renovate Tyler Hall
Virginia Tech	Renovate the Rotunda
Virginia Military Institute	Construct Classroom Building
	Construct Corps Physical Training Facilities, Phase I and Phase II
Virginia State University	Erosion and Sediment Control Stormwater Master Plan / Retention Pond
Virginia State University	Renovate Lockett Hall
Virginia State University	Water Storage Tank and Campus Water Distribution Piping
Norfolk State University	Replace Brown Hall
Longwood University	Construct Student Success Center
University of Mary Washington	Renovate Mercer and Woodard Halls
James Madison University	Construct Health and Engineering Academic Facility (East Wing Hospital)
Radford University	Construct New Academic Building, Phase I & II
Old Dominion University	Construct New School of Education
Virginia Commonwealth University	Construct and Renovate Information Commons and Libraries
Virginia Commonwealth University	Replacement facility for the Virginia Treatment Center for Children
Virginia Museum of Fine Arts	Renovate Robinson House
Richard Bland College	Renovate Ernst Hall
Christopher Newport University	Construct Student Success Center
George Mason University	Construct Academic VII / Research III, Phase I
George Mason University	Construct Life Sciences Building, Prince William (Construct Bull Run Hall IIIB Addition)
George Mason University	Central Utility Plant
Virginia Community College System	Construct Phase III Academic Building, Midlothian Campus, John Tyler
Virginia Community College System	Renovate Bayside Building, Virginia Beach Campus, Tidewater
Virginia Community College System	Construct New Classroom and Administration Building, Blue Ridge
Virginia Community College System	Renovate Building B, Parham Road Campus, J. Sargeant Reynolds

Virginia Community College System	Expand Workforce Development Center, Danville
Virginia Community College System	Renovate Reynolds Academic Building, Loudoun Campus, Northern Virginia
Virginia Community College System	Renovate Main Hall, Middletown Campus, Lord Fairfax
Virginia Community College System	Renovate Anderson Hall, Virginia Western
Virginia Community College System	Renovate Sowder Hall, Fauquier Campus, Lord Fairfax
Virginia Institute of Marine Science	Construct Consolidated Scientific Research Facility
Jamestown-Yorktown Foundation	Yorktown Outside Areas, Signage and Amenities
DBHDS	Western State Hospital Supplement
Department of Forensic Science	Expand Western Virginia Forensic Laboratory and Office of the Chief Medical Examiner Facility
Department of Corrections	Richmond P & P
Department of Corrections	Powhatan Correctional Center Water Line
Department of Veterans Services	Hampton Roads Veterans Care Center
Department of Veterans Services	Northern Virginia Veterans Care Center
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Explanation:

(This amendment provides funding for construction and renovation of projects approved in Chapter 3, 2012 Session of the General Assembly.)
