

House Bill 30 Proposed Preplanning Program

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Capital Improvement Program

- Established by HB 5001 (Putney) 2008 Special Session
- The previous six-year capital outlay planning process was broken
 - In 2002, the General Assembly, in Code, established a six-year capital outlay plan process to be submitted by the Governor
 - The plans were due to the General Assembly by November 1 prior to the even year session
 - The process provided for a funding mechanism depending on revenue growth
 - However plans were not received on time and were typically received after the session began and simply mirrored the proposed executive budget
 - Project cost estimates typically did not reflect the appropriate level of planning
 - Legislature was in a reactive not proactive role in terms of capital planning and programming

Purpose of the Capital Improvement Program (CIP)

- Guide for efficient and effective investment in public facilities
- Provides the legislature with a roadmap to evaluate capital requests and needs
 - Improved project vetting to reduce cost overruns
 - Dynamic process – revised annually to provide more accurate project cost estimates for acquisition, development, planning, or replacement of public facilities
 - Multi-year plan that allows legislature to tailor funding for projects in step with economic conditions
 - Provides for predictability to agencies
 - Systematic approach to capital outlay
 - It does not authorize more projects than could be reasonably implemented in a fiscal year or biennium meaning projects should begin on time and avoid having to be staged over 5 to 6 years
- The CIP will require agencies to justify any cost overruns and demonstrate
 - Value engineering has occurred
 - Nongeneral funds have been utilized to the fullest extent
 - Options such as project scope reductions have been quantified for the legislature
- Elevates capital review to the level of the operating budget

HB 5001 CIP Components

- Represents collaborative effort with agencies and institutions
- Establish specific roles for key players
 - SCHEV – evaluate the space and programmatic needs of higher education
 - DGS – value engineering, assessment of cost estimates
 - DPB – collect information from agencies for each project request
 - State agencies – require more deliberative planning from agencies
- 75 projects were fully funded with a total project cost of about \$1.5 billion
- 26 projects were provided \$45 million to complete detailed planning through preliminary drawings
 - Construction value of about \$850 million
- Only 7 projects were preplanned (5 higher education and 2 for mental health)
 - The five higher education projects were moved to detailed planning the following session with institutions utilizing their own funds
 - Preplanned project value of about \$300 million (\$230 million for higher education & \$70 million for mental health)

HB 30 Preplanning

- 59 projects each receive \$250,000 to move project to schematic drawings
 - 38 higher education projects
 - 21 projects from other agencies including seat of government
- Projects have an estimated value of about \$1.5 billion
 - The 38 higher education projects have a value of about \$1.0 billion
 - Other 21 state government projects have a value of about \$490 million
- Expectation that projects will have to be fully funded in the 2013 Session or planning continued to preliminary drawings at a more than \$70 million cost
- At least 15 amendment requests to add more projects into the preplanning queue