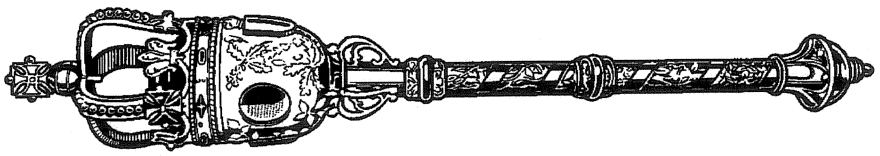
Report of the House Appropriations Subcommittee

on

Capital Outlay



House Bill 1500

February 6, 2011

REPORT OF THE SUBCOMMITTEE
on
CAPITAL OUTLAY

Mr. Chairman and Members on the Committee:

Mr. Chairman, the Capital Outlay Subcommittee's recommendations this year are significant in terms of policy. As you know, Mr. Chairman, the introduced capital program called for $113.9 million in new tax-supported debt. However, being mindful of the state's debt capacity, I am pleased to report to that we have prioritized our projects and reduced overall tax-supported debt by $117 million.

First, the Subcommittee recommends $51.1 million for capital equipment for new buildings that will open this biennium, $7.3 million to supplement the renovation of the Washington Building, and $8.6 million to supplement the capital maintenance program in FY 2012, to include an allocation to stabilize the historic Main Hall on the campus of the Virginia School for the Deaf and Blind at Staunton.

Second, as I mentioned earlier, in an effort to reduce the state's debt burden, the Subcommittee closely examined all the proposed debt-financed projects. Mr. Chairman, as you will recall, we heard testimony on the need for a new sexually violent predator facility on the site of the former Brunswick prison. That proposal would have resulted in a facility that cost the Commonwealth fifty percent more to operate than alternative options. In addition, the staffing levels at these facilities bear further investigation when compared to similar programs in other states. Frankly, Mr. Chairman, we were left with more questions than answers and are not confident that the Department has examined all options or exerted rigor in developing their spending needs. Therefore, Mr. Chairman, the Subcommittee recommends the elimination of the proposed $43.5 million.

The Subcommittee also recommends the elimination of $35.2 million in tax-supported bonds to finance energy conservation pro-

jects at state-owned buildings. Instead, Mr. Chairman, we have a separate recommendation to raise the threshold on the energy-efficiency project program coordinated by the Department of General Services (DGS) from $3 million to $7 million. The DGS energy efficiency program leverages private market solutions to improve energy efficiency rather than relying on public debt.

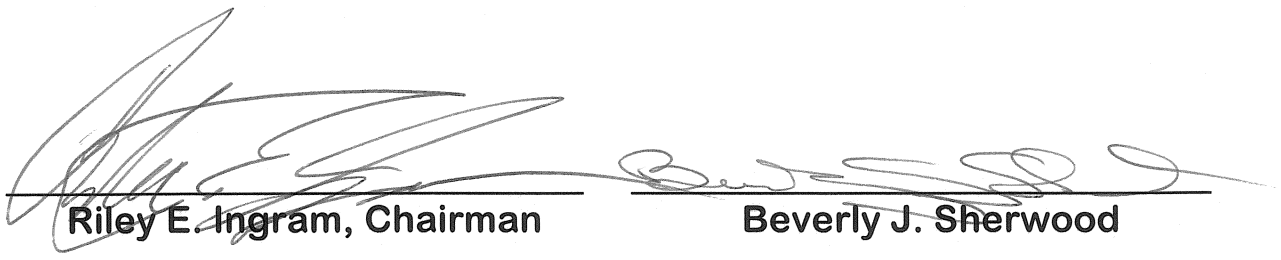
Next, Mr. Chairman, the Subcommittee recommends elimination of proposed tax-supported debt for a new headquarters building for the Department of Game and Inland Fisheries. This does not eliminate the project as the department was previously authorized to proceed under a public-private partnership (at their request) and assured us that they could finance the project internally from savings and DGIF revenues.

In addition, we scrutinized previously authorized debt that has not been issued to determine if it is still required. For example, we authorized $155 million in Virginia port bonds several years ago. However, with the recent purchase of the APM Terminals, $30 million of that amount is not required. Therefore, we recommend removing that authorization.

Finally, Mr. Chairman, with respect to reducing our debt burden, we examined projects previously approved by the Commonwealth. In your 2008 capital program, you will recall that we authorized $5 million to fully fund the construction of a satellite dental clinic in Southwest Virginia for Virginia Commonwealth University. This was an innovative proposal to assist the people of the region, as well as to provide practical experience for dental students in the VCU School of Dentistry. Unfortunately, no progress on this project has occurred since 2008, to the disappointment of many members on this Committee. We understand that the Health and Human Services Subcommittee has a recommendation to seek private provider solution to provide greater access to dental care in that part of the state. Meanwhile, it does not serve the Commonwealth to leave this debt authorization on the books if the university is unable to execute the project.

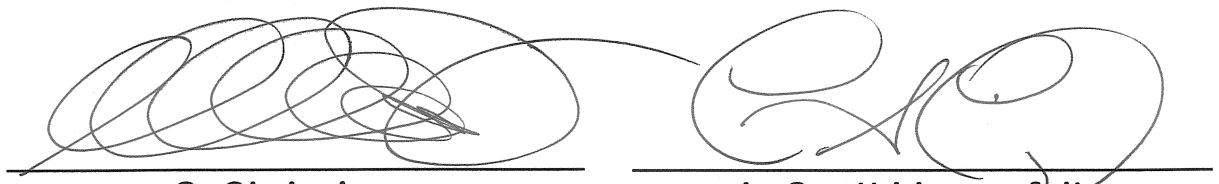
The details of the Subcommittee's report are contained in the attachments. Committee staff will review our recommendations in greater detail, and we hope it will be your pleasure to adopt the report.

Respectfully Submitted by the House Appropriations Subcommittee on Capital Outlay:



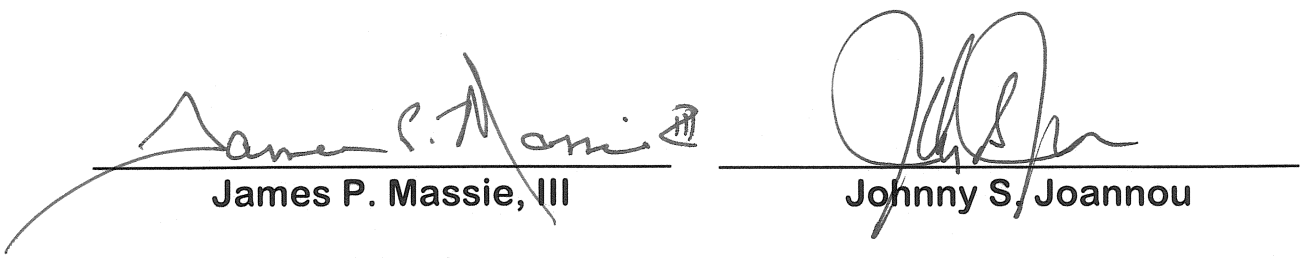
Riley E. Ingram, Chairman

Beverly J. Sherwood



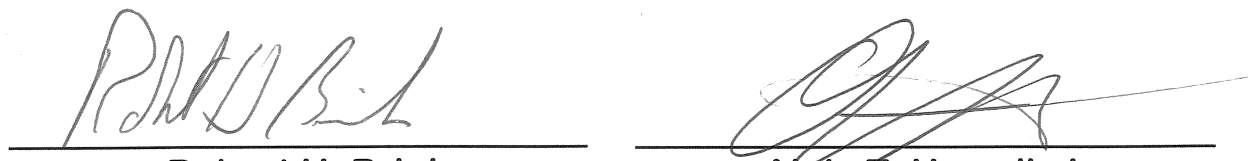
S. Chris Jones

L. Scott Lingamfelter



James P. Massie, III

Johnny S. Joannou



Robert H. Brink

Algie T. Howell, Jr.

House Bill 1500 CAPITAL OUTLAY Amendment	General Fund	Nongeneral Fund
Treasury Board		
Technical Correction to Out-of-State Student Capital Charge	(666,657)	666,657
General Conditions		
Six-Year Plan Reporting Requirements		Language
Christopher Newport University		
Student Success Center	0	1,000,000
Dining Facility	0	1,515,000
Bell Tower	0	2,500,000
Radcliffe Hall Scope Change		Language
Band Rehearsal Hall	0	3,000,000
Parking Scope Change		Language
Richard Bland College		
Ernst Hall Lease		Language
Norfolk State University		
Signage and Site Improvements	0	1,000,000
Property Conveyance		Language
University Of Mary Washington		
Construct Dining and Student Center	0	45,000,000
Provides Funding-Purchase Property Adjacent to Campus	0	5,000,000
Virginia Commonwealth University		
Authorize Transfer of Funding-Operating Budget		Language
Refinance Ackell	0	13,650,650
VCU Dental Clinic Remove $5 million Debt Authority		Language
VTCC Planning	0	250,000
Virginia Cooperative Extension And Agricultural Experiment Station		
Extension 4-H Center		Language
Department Of Behavioral Health And Developmental Services		
Eliminate SVP Facility	0	(43,500,000)
Department Of Game And Inland Fisheries		
Remove DGIF Debt for Headquarters		Language
Central Capital Outlay		
Maintenance Reserve		Language
Equipment-Biotechnology/Centennial Hall Facility	0	6,675,000
Eliminate Energy Debt	0	(35,200,000)
9(D) Revenue Bonds		
Amends 9(d) Table-Include Mary Washington Project		Language
VPBA Bonds		
Removes SVP Facility		Language
Part 4 General Provisions		
Adjust Capital and Energy Efficiency Project Thresholds		Language
GRAND TOTAL	(666,657)	1,557,307

Capital Outlay Subcommittee Item C-0 #1h

General Conditions
General Conditions Language

Language:
Page 429, after line 4, insert:
"S. All Agencies of the Commonwealth and Institutions of Higher Education shall provide information and/or use systems and processes in the method and format as directed by the Director, Department of General Services, on behalf of the Six-Year Capital Outlay Plan Advisory Committee to provide necessary information for Commonwealth-wide reporting. This requirement shall apply to all projects, including those funded from general and nongeneral fund sources.
T. The Director, Department of General Services, and the Director, Department of Planning and Budget shall report to the Chairmen of the House Appropriations and Senate Finance Committees by March 1, 2012, on the impact of increasing capital outlay project thresholds from $1,000,000 to $2,000,000 and energy-efficiency projects thresholds from $3,000,000 to $7,000,000 as provided in Item 4-4.01 of this act."

Explanation:
(This amendment requires all agencies and institutions to standardize the reporting of capital outlay data, including budget and expenditures, as part of the six-year planning process. The amendment also requires that the Department of General Services and the Department of Planning and Budget report on the impact of increasing project thresholds for capital outlay and energy efficiency projects.)

Capital Outlay Subcommittee Item C-10.40 #1h

Education: Higher Education
Richard Bland College Language

Language:
Page 430, after line 38, insert:
"§ 2-4.10 Richard Bland College (241)
"C-10.40. Ernst Hall
Richard Bland College is hereby authorized to enter into a comprehensive agreement with Southside Medical Center to lease Ernst Hall to the Nursing School for educational purposes. The College, in consultation from the Office of the Attorney

General and the Department of General Services, may develop an agreement whereby the hospital shall renovate Ernst Hall and then occupy the facility rent-free for a number of years based on the cost of the renovation. The lease agreement shall be approved by the Office of the Attorney General and the Department of General Services."

Explanation:
(This amendment is self-explanatory.)

Capital Outlay Subcommittee Item C-39.10 #2h

Education: Higher Education
Norfolk State University Language

Language:
Page 435, after line 1, insert:
"C-39.10.
Norfolk State University is authorized to enter into a written agreement with the City of Norfolk, the Transportation District Commission of Hampton Roads, operating as Hampton Roads Transit, and the Norfolk Redevelopment and Housing Authority, relating to the Norfolk Light Tail Transit Project, pursuant to which the university will convey to the City fee simple title to a parcel of land containing 0.98 acres, more or less, and will grant a number of easements to the City to serve the operational needs of Norfolk's light rail transit system. The transit system extends along, and adjacent to, the entire southern boundary of the university's campus. As part of the consideration and in exchange, and at no additional cost to the Commonwealth, the university is authorized to acquire from the City of Norfolk fee simple title to certain properties now comprising the McDemmond Center's improved parking lot, located at the southeast corner of the intersection of Reservoir and Claiborne Avenues, as well as various remnant parcels as described in the agreement, including parcels containing 1.373, 0.198, and 0.124 acres, more or less, and a parcel comprised of a narrow strip of land lying, in part, between the rail line corridor and the university's Ballentine parking lot, all primarily to serve the parking and open space needs of the university. Prior to acceptance thereof, assurances to the satisfaction of the Governor or his designee shall be obtained through an environmental study indicating that the properties to be acquired are free from hazardous materials and conditions."

Explanation:
(This amendment is self-explanatory.)

Capital Outlay Subcommittee — Item C-72.10 #1h

Education: Higher Education
Virginia Cooperative Extension
And Agricultural Experiment
Station — Language

Language:
Page 439, after line 31, insert:
"C-72.10. Northern Virginia 4-H
Educational and Conference Center
Renovation and restoration of the Remount Depot (Horse Center) at the Northern Virginia 4-H Educational and Conference Center located at 600 4-H Center Drive, Front Royal, Virginia 22630, shall proceed and shall not be subject to the approval or involvement of Virginia Tech or Virginia Tech Extension."

Explanation:
(This amendment is self-explanatory.)

Capital Outlay Subcommittee — Item 4-4.01 #1h

Capital Projects
General — Language

Language:
Page 489, line 6, strike "$1,000,000" and insert "$2,000,000".
Page 489, line 8, strike the second "$1,000,000" and insert "$2,000,000".
Page 490, line 15, strike the first "$3,000,000" and insert "$7,000,000".
Page 490, line 15, strike the second "$3,000,000" and insert "$7,000,000".

Explanation:
(This amendment increases project thresholds for energy-efficient projects from $3 million to $7 million and for higher education projects from $1 million to $2 million before it is governed by the capital outlay budgeting process.)