



# Department of General Services

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## Chapter 1 Capital Outlay Funding Method

January 20, 2010



# Chapter 1 Overview

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- ❑ Enacted during 2008 Special Session 1
- ❑ Provides new method for funding capital projects in an incremental process from pooled funds in addition to fully funding individual projects
- ❑ Established the *Six-Year Capital Outlay Plan Advisory Committee* (6 PAC) to oversee the process
- ❑ DGS and DPB provide the staff support to implement this process



# Process Flowchart

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## Stand-Alone Projects

( §1 & §3 of the Chapter 1 Act )

- \$162.9 million VPBA
- \$368.8 million VCBA

**Normal  
Process**

## Pooled Bond Projects

( §2 & §4 of the Chapter 1 Act )

- \$274.4 million VPBA pool
- \$595.8 million VCBA pool

## “Planning Only” Funds

Agencies submit **CO-2** for Planning Funds \*

- 5% for renovation projects
- 4% for new construction projects

Agency develops either **Schematic** or **Preliminary** design and cost estimate as authorized by the CO-2 “action wording”

\* The **CO-2** form is a standard form that initiates a project or modifies project funding.



# Process Flowchart (continued)

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## Schematic Review ( Design approximately 15% complete )

- DGS:
- Reviews project design and agency's proposed budget
  - Meets with agency, if necessary, for clarification
  - Provides Cost Target to agency
  - Provides other related recommendations  
(e.g. possible adjustments to project scope or design features)



## Preliminary Review ( Design approximately 35% complete )

- DGS:
- Reviews project and proposed cost
  - Meets with agency, if necessary
  - Develops staff budget recommendation
  - Determines acceptable Budget in consultation with DPB  
( If project scope cannot be accomplished within Budget,  
agency cost reductions are submitted and reviewed )



**Budget Established for Construction**



# Cost Reduction Summary

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|   |               |
|---|---------------|
| <input type="checkbox"/> Projects reviewed to date: | 38            |
| <input type="checkbox"/> Total budget requested:    | \$740,011,889 |
| <input type="checkbox"/> Total budget recommended:  | \$660,151,968 |
|   | <hr/>         |
| <input type="checkbox"/> Projected Savings:         | \$ 79,859,921 |



# Cost Review Process During Preliminary Design Phase

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- Cost Estimate analyzed
- Adjustments made to reflect actual market conditions for:
  - Unit prices
  - Quantities
  - General Conditions
- Final funding recommendation is made based on both Schematic and Preliminary analysis
- The result is that Project Budget and Project Design more closely reflect actual need



# Cost Review Process during Design Phase

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- Cost of Design is reviewed for appropriateness:
  - Material Selections
  - Building Efficiency Ratio
  - Design Efficiency Ratio
  
- Cost Target is established based on:
  - Comparable Projects
  - *Virginia Building Construction Cost Database*
  - Cost Models from several National Cost Reference Standards:  
*RS Means, Marshall & Swift, D4COST, Tradeline*
  - Systems Level Cost Estimate
  
- Cost Saving / Value Engineering options explored



# Tax Channel Building

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- \$17m Tax Processing Center
  - New Construction
  - 65,000 sf
  - 2220 West Broad Street
- Purchased Existing Building
  - 125,000 sf
  - Former Mail Processing Center
  - 800+ workstations