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