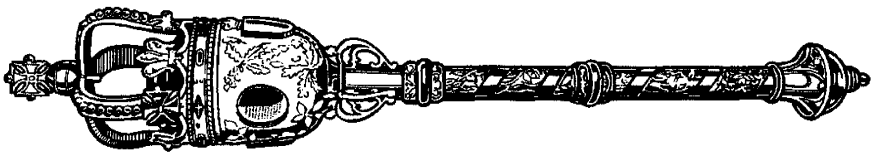
Report of the House Appropriations Subcommittee

on

Capital Outlay



House Bill 29

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House Bill 30

February 19, 2012

REPORT OF THE SUBCOMMITTEE
on
CAPITAL OUTLAY

Mr. Chairman and Members of the Committee:

On behalf of the Capital Outlay Subcommittee, I am pleased to offer budget recommendations that meet the Committee's priorities of limiting our tax-supported debt burden and maintaining the principles outlined by you, Mr. Chairman, in 2008, when under your leadership, we developed the Six-Year Capital Outlay Plan. You will recall your program intended for the legislature to become a partner in the development of long-range capital plans. Mr. Chairman, your program changed the way that we evaluate capital needs and brought sound business practices to the capital outlay area. This came about in a truly bipartisan fashion and was reported unanimously which speaks to the strength of the program. The Subcommittee's recommendations are intended to ensure that fidelity to that process be maintained.

Given our financial situation, the work of the Subcommittee was focused on reducing our tax-supported debt burden. As you know, Mr. Chairman, the introduced capital program called for $240 million in new tax-supported debt. However, being mindful of the state's debt capacity, I am pleased to report that we have prioritized our projects and reduced overall tax-supported debt by $96 million. This debt was proposed for 28 projects as supplements under the maintenance reserve program. However, given the size and scope of these projects, it is more appropriate that they proceed under the typical capital outlay process. As opposed to financing these projects with debt, we have reviewed all the high priority repair and infrastructure projects and propose $27.5 million in general funds to move fifteen of these projects forward. As part of this recommendation, we are designating $2 million to repair the Louisa County High School that was damaged in the August 2011 earthquake. You will recall, Mr. Chairman, that the Commonwealth stepped up to the plate to help the City of Franklin recover from flooding damage after Hurricane Floyd in 1999. This is no different.

Mr. Chairman, as I mentioned earlier, the Capital Outlay Subcommittee is committed to proceeding with a capital program that is consistent with the principles outlined in the 2008 legislation. The introduced budget proposed preplanning for 59 projects some which had already completed preplanning, such as the UVA Rotunda, and others which were projects that this Committee had previously rejected. With that in mind, the Subcommittee recommends eliminating the proposed preplanning contained in the introduced budget and proceeding in a manner that will provide meaningful detailed planning for 29 high priority projects which have been technically reviewed by the Department of General Services and, for higher education, programmatically reviewed by the State Council of Higher Education. The Subcommittee recommends using a total of $31.2 million to accomplish detailed planning through preliminary and working drawings for these projects. The central planning fund will provide $16.1 million of this amount, along with $600,000 from the general fund and $14.5 million from nongeneral fund sources. The nongeneral funds represent a cost sharing recommendation with colleges and universities for which they will be reimbursed.

The Subcommittee also scrubbed the budget for potential budget savings. We are pleased to recommend $13.4 million in debt service savings in the Treasury Board that result from lower interest rates and revised debt issuance projected over the biennium. In addition, the Subcommittee recommends adjusting the out-of-state student capital fee by $1.50 per credit hour or about $45 per year. This recommendation, combined with updated enrollment data, saves the Commonwealth $5.3 million.

Finally, Mr. Chairman, we are pleased to recommend $28.5 million in general funds to construct a new Veterans Care Center in Hampton Roads. This represents the state share of 35 percent of the project cost. The federal Department of Veterans Services will provide the remaining funding.

The details of the Subcommittee's report are contained in the attachments. Committee staff will review our report and the attached listing of 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:

L. Scott Lingamfelter, Chair

Beverly J. Sherwood

S. Chris Jones

John M. O'Bannon, III

James P. Massie, III

Johnny S. Joannou

Robert H. Brink

Algie T. Howell, Jr.

House Bill 29 CAPITAL OUTLAY Amendment	General Fund	Nongeneral Fund
Treasury Board		
Out-of-State Capital Fee Enrollment Update	(435,600)	435,600
Christopher Newport University		
Student Success Center Planning	0	2,000,000
George Mason University		
Institute for Conflict Resolution Scope	0	Language
Virginia State University		
Land Acquisition Supplement	0	4,500,000

House Bill 30 CAPITAL OUTLAY Amendment	General Fund	Nongeneral Fund
Treasury Board		
Treasury Board Regional Jail	0	Language
Treasury Board Savings	(13,423,339)	0
Out-of-State Capital Fee Update	(5,335,110)	5,335,110
General Conditions		
Capital Multicampus Planning	0	Language
Revise DPB Authority (NGF Bonds)	0	Language
Western State Hospital Sale	0	Language
The College Of William And Mary In Virginia		
Supplement Dormitory (HB 54)	0	1,000,000
George Mason University		
Renovate Baseball Stadium	0	4,027,000
James Madison University		
Project Title (Technical)	0	Language
Project Code (Technical)	0	Language
Funding Clarification (Technical)	0	Language
Student Housing (HB 54)	0	45,254,000
JMU Convocation Center (9d)	0	88,000,000
Norfolk State University		
NSU PPEA Authority	0	Language
Radford University		
Renovate Washington Hall (HB 54)	0	5,410,000
University Of Mary Washington		
Supplement Dorm Project (9d)	0	15,000,000
Refinance Student Housing (9d)	0	90,000,000
Virginia State University		
Gateway Project Parking (9d)	0	642,000
Student Union (9d)	0	35,547,000
Department Of Game And Inland Fisheries		
Dam Safety Program	0	11,000,000
Department Of Historic Resources		
Battlefield Preservation	0	Language
Department Of Veterans Services		
Hampton Roads Veterans Care Center	28,500,000	0

House Bill 30 CAPITAL OUTLAY Amendment	General Fund	Nongeneral Fund
Central Capital Outlay		
JYF Use of Maintenance Reserve	0	Language
VMFA Use of Maintenance Reserve	0	Language
Revise Maintenance Reserve	0	(96,398,789)
ODU Jeff Labs Equipment Upgrade	0	Language
Repair and Infrastructure Pool	27,500,000	0
Eliminate Proposed Preplanning	0	(14,750,000)
Detail Project Planning	600,000	30,572,374
NGF Bonds for Chapter 1 Projects	0	100,000,000
Part IV		
Energy Projects	0	Language

Capital Outlay Subcommittee Item C-0 #3h

General Conditions
General Conditions Language

Language:
Page 373, after line 4, insert:
"R. Notwithstanding any other provision of law, the following shall govern the real estate purchase and exchange agreement for Western State Hospital between the Commonwealth of Virginia and the City of Staunton. The City of Staunton shall remit the $15 million for the property sale as follows:
1) the first payment of $5 million on October 1, 2012;
2) the second payment of $5 million on January 1, 2013; and,
3) the final payment of $5 million on April 1, 2013."

Explanation:
(This amendment is self-explanatory.)

Capital Outlay Subcommittee Item C-13.50 #2h

Education: Higher Education
Norfolk State University Language

Language:
Page 374, after line 31, insert:
"**§ 2-5.10 NORFOLK STATE UNIVERSITY (213)**".
"C-13.50.
"1. Subject to the provisions of this act, the General Assembly authorizes Norfolk State University to enter into a written agreement or agreements with a Foundation of the University for the development of one or more student housing projects on or adjacent to campus, subject to the conditions outlined in the Public-Private Education Facilities Infrastructure Act of 2002.

2. Norfolk State University is further authorized to enter into written agreements with a Foundation of the University to support such student housing facilities; the support may include agreements to (i) include the student housing facilities in the University's student housing inventory; (ii) manage the operation and maintenance of the facilities, including collection of rental fees as if those students occupied University-owned housing; (iii) assign students to the facilities in preference to other

University-owned facilities; (iv) restrict construction of competing student housing projects; (v) seek to obtain police power over the student housing as provided by law; and (vi) otherwise support the student housing 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."

Explanation:

(This amendment is self-explanatory.)

Capital Outlay Subcommittee | Item C-33.50 #2h

Natural Resources

Department Of Historic Resources | Language

Language:

Page 377, after line 21, insert:

"§ 2-12.50 DEPARTMENT OF HISTORIC RESOURCES (423)"

"C-33.50.

Notwithstanding any other provision of law, the following provisions shall be implemented:

1. The Director, Department of Planning and Budget, shall transfer $2,500,000 of the amount appropriated in Chapter 879, 2008 Acts of Assembly, for project 17597 (Preservation of Open Space and Historic resources Through Conservation) for the Civil War Site Preservation Fund and expended in accordance with the purposes and requirements of § 10.1-2202.4 except that the funds shall be awarded only for the fee simple acquisition of battlefield lands for the benefit of the Commonwealth and its citizens.

2. In its expenditure of the funds, the Department of Historic Resources may give priority to the establishment of a public battlefield interpretive park to be located in a jurisdiction served by the Northern Virginia Regional Park Authority and operated by such Authority. The Department of Historic Resources may waive the match requirement of § 10.1-2202.4C in conjunction with the funding of such park.

Explanation:

(This amendment provides authority to utilize unspent bond proceeds provided for open space preservation for Civil War battlefield preservation.)

Capital Outlay Subcommittee Item C-37 #1h

Central Appropriations
Central Capital Outlay Language

Language:
Page 381, after line 22, insert:
"K.1. Any balances remaining from the maintenance reserve allocation identified in this item for the Jamestown-Yorktown Foundation shall not revert to the general fund on June 30, 2012, but shall be brought forward and made available to the Jamestown-Yorktown Foundation for the purposes of this item in fiscal year 2013 and fiscal year 2014.

2. The Jamestown-Yorktown Foundation may use an amount not to exceed 20 percent of its annual maintenance reserve allocation from this item for the conservation of artifacts."

Explanation:
(This amendment restores language contained in previous Appropriation Acts that allows the Jamestown-Yorktown Foundation to utilize up to 20 percent of its maintenance reserve allocation for artifact conservation.)

Capital Outlay Subcommittee Item C-37 #2h

Central Appropriations
Central Capital Outlay Language

Language:
Page 381, after line 22, insert:
"K.1. Any balances remaining from the maintenance reserve allocation identified in this item for the Virginia Museum of Fine Arts shall not revert to the general fund on June 30, 2012, but shall be brought forward and made available to the Virginia Museum of Fine Arts for the purposes of this item in fiscal year 2013 and fiscal year 2014.

2. The Virginia Museum of Fine Arts may use an amount not to exceed 20 percent of its annual maintenance reserve allocation from this item for the conservation of art works owned by the Museum."

Explanation:

(This amendment restores language contained in previous Appropriation Acts that allows the Virginia Museum of Fine Arts to utilize up to 20 percent of its maintenance reserve allocation for conservation art work.)

Capital Outlay Subcommittee | Item 4-4.01 #1h

Capital Projects

General | Language

Language:

Page 420, line 25, after "$7,000,000.", insert:

"Upon such determination that the energy savings offsets debt service and costs of the project, the financed portion may be considered as separate from the limits on debt capacity."

Explanation:

(This amendment allows for the consideration of treating energy efficiency projects that completely pay for themselves as 9(d) nongeneral fund revenue debt.)