

## Department of Planning and Budget 2004 Fiscal Impact Statement

**1. Bill Number** HB105

**House of Origin**    ☐ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☒ Enrolled

**2. Patron**        Morgan

**3. Committee**    Passed Both Houses

**4. Title**            Change Provisions of Capitol Square Preservation Act of 2003

**5. Summary/Purpose:**

Makes several changes to the Capitol Square Preservation Act of 2003 including (i) increasing the total principal amount of bonds that may be issued for the projects from \$118,570,000 to \$130,978,000 (and increasing the cost of specific projects by an equal amount); (ii) increasing the estimated cost of fixtures and furnishings for the Capitol Building from \$5,972,000 to \$13,825,000 (such amount is to be funded through private donations or other similar means of fundraising) and expanding the items to be funded thereby; (iii) authorizing the Governor to implement his plan to complete the renovations of the Old Finance Building and Washington Building projects; and (iv) requiring the Governor to prepare and present a plan to the Chairmen of the Senate Finance and Rules Committees and House Appropriations and Rules Committees on or before December 1, 2004 for the demolition of derelict buildings and development of office and parking facilities on state-owned property bounded by 8th, 9th, and Broad Streets in the City of Richmond.

**6. Fiscal Impact** (see Item 8)

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04	\$0		
2004-05	\$111,000		GF
2005-06	\$343,000		GF
2006-07	\$464,000		GF
2007-08	\$464,000		GF
2008-09	\$464,000		GF
2009-10	\$464,000		GF

**7. Budget amendment necessary:** Yes, Item 290. The substitute proposal increases the use of Virginia Public Building Authority (VPBA) financing by \$5,791,000 requiring additional debt service funding. The additional funding will be used to expand the southern extension currently proposed for the State Capitol. An amendment will be needed to increase the debt service in HB 29 or HB/SB 5001.

**8. Fiscal implications:** This proposal (1) increases the projected amount of bond authorization for the Capitol Square renovations, (2) increases the amount of funds expected to be raised

through private donations, (3) authorizes the renovation of the Washington Building and the expansion and renovation of the Finance Building, and (4) requires the Governor to prepare and present a plan for the demolition of derelict buildings and development of office and parking facilities on the state-owned property bounded by the 8<sup>th</sup>, 9<sup>th</sup>, and Broad Streets.

Increase in bond authorization. The original proposal increased the total amount of the Capitol Square renovation projects to be funded by the Virginia Public Building Authority by \$6,617,000. The substitute proposal increases the VPBA financing by an additional \$5,791,000, or a total of \$12,408,000. The total increase includes \$9,240,000 to fund additional requirements to remove and replace the stucco exterior, renovate the existing mechanical tunnel, correct structural problems, and mitigate hazardous materials, and an additional \$5,791,000 for the southern extension. The increase is partially offset by a savings of \$2,623,000 in the estimated contract cost for the Washington and Finance Buildings.

The debt service for \$6,617,000 of the \$12,408,000 increase in VPBA funding is included in HB/SB29 as introduced. The fiscal impact shown in paragraph 6a above is the additional debt service that will be needed for the \$5,791,000 in VPBA funding included in the current version of this bill. The debt service calculations are based on the assumption that approximately half of the additional VPBA funds will be needed in FY 2005 and half in FY 2006.

Increase in private funding. The proposal increases the amount of private funding expected from private donations or other similar means of fundraising by the Virginia Capitol Preservation Foundation, a 501c3 foundation. In addition, the use of these private funds is expanded to include historic finishes, landscaping, art and artifact restoration, educational exhibits, and related purposes as well as fixtures and furnishings. A \$9.7 million increase is included in HB/SB29 as introduced.

Construction of Washington and Finance Buildings. This proposal includes authorizing the Governor to enter into a comprehensive construction agreement with a private entity under the Public-Private Education Facilities and Infrastructure Act of 2002. This action is also included in language in the introduced version of HB/SB29. The funding for these projects is included in the revised debt-financing totals of the Capitol Square Preservation Act of 2003.

Future development of property bounded by 8<sup>th</sup>, 9<sup>th</sup>, and Broad Streets. This proposal requires the Governor to prepare and present a plan for the demolition of derelict buildings and development of office and parking facilities in this area and to address the feasibility of a public private partnership. HB/SB29 includes similar language. DGS can absorb any costs associated with developing this plan.

**9. Specific agency or political subdivisions affected:** Department of General Services, Department of Treasury, Virginia Public Building Authority, Virginia Capitol Preservation Foundation

**10. Technical amendment necessary:** No

**11. Other comments:** None.

**Date:** 03/25/04 / amk

**Document:** G\ 04 FISs\HB105ER.DOC

cc: Secretary of Administration, Secretary of Finance