

## Department of Planning and Budget 2008 Fiscal Impact Statement

**1. Bill Number:** HB1547

House of Origin      X      Introduced                  Substitute                  Engrossed  
Second House                 In Committee              Substitute                  Enrolled

**2. Patron:** Putney

**3. Committee:** Appropriations

**4. Title:** 21st Century Capital Improvement Program; created, report.

**5. Summary:** This bill creates the 21st Century Capital Improvement Program for the orderly and systematic programming and financing of capital projects throughout the Commonwealth that will be revised annually for the acquisition, development, enhancement, planning, or replacement of public facilities over a multiyear period. In addition, the bill provides an initial list of the program's projects; a list of projects to be constructed by bonds issued by the Virginia College Building Authority and the Virginia Public Building Authority, and a list of projects whose planning costs will be appropriated in the budget bill.

**6. Fiscal Impact Estimates:** Indeterminate. See Item 8.

**7. Budget Amendment Necessary:** Yes. Item 81, HB 30; Part 2, HB 30.

**8. Fiscal Implications:** In FY 2009 the bill authorizes \$560 million of projects; an additional \$650 million of projects for planning on June 30, 2009 (the dollar amount for planning was unspecified); and an additional \$650 million of projects for planning on June 30, 2010 (the dollar amount for planning was unspecified).

The bill requires the Department of General Services (DGS) to perform value engineering (VE) analysis on the \$560 million capital projects for FY 2009. Then in FY 2010 and beyond, the value of the projects requiring DGS VE analysis doubles to approximately \$1.2 billion. DGS estimates that the increased workload will require three additional FTE in FY 2009 and another increase of three FTE in FY 2010 and beyond. The bill requires DGS to ensure that VE is employed for any project included in the CIP and required the agency to make recommendations to the General Assembly. This is significantly more work than the agency currently does to prepare the annual VE report. Currently, the agency does not do any quantitative analysis of VE items, does it currently get involved in the details of the process. This legislation also requires analysis by the Director, DGS to enable the agency to make recommendations relative to the appropriate method of construction. The language also states that the agency be more involved in the budget review and approval process. Overall, the legislation increases the workload of the division, requiring additional personnel.

This legislation changes the capital submissions from HB 30, deleting 49 capital projects, valued at \$568,213,000. It also adds 130 capital projects that were not included in HB 30. The introduced budget included \$50 million general fund for maintenance reserve, \$4 million

general fund for other capital projects, \$493.4 million in Virginia Public Building Authority, \$214.4 million in Virginia College Building Authority, in addition to a General Obligation Bond package for \$1.5 billion.

This bill increases the responsibilities of the Division of Engineering and Buildings (DEB) within the DGS. DGS estimates that the additional responsibilities will require three FTE in FY 2009 and six FTE, thereafter. The agency estimates the cost of this will be approximately \$300,000 in FY 2009 and \$600,000 thereafter.

This bill also impacts the State Council of Higher Education for Virginia (SCHEV). However, State Council of Higher Education for Virginia has reviewed all the capital projects of HB1547 for higher education as part of their ongoing space assessments and feasibility studies, and provided and their recommendations to the Department of Planning and Budget, the House and Senate Capital Outlay staff(s), and all the colleges and universities. This legislation should not impact State Council of Higher Education for Virginia significantly as most of the analysis has been completed, as part of their responsibility, as listed in the Introduced Bill, Item 149.I. The future impact on SCHEV should be minimal since they have already completed analysis on most of the included projects.

It is important to note that agencies should experience some cost savings in capital projects because of the value engineering due to the legislation. A value for these savings is indeterminate.

**9. Specific Agency or Political Subdivisions Affected:** All agencies with capital projects, the Department of General Services, State Council of Higher Education for Virginia

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None

**Date:** 2/5/2008 dpb

**Document:** G:\AFG\2008 Session\FIS\HB1547.Doc AFG