



## Capital Outlay Overview

January 29, 2021, Subcommittee on Capital Outlay

# Overview

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- Outstanding tax-supported debt totaled \$12.0 billion in FY 2020 (not including pension liabilities, OPEB, and compensated absences).
- As of December, there was approximately \$6.5 billion authorized but not yet issued tax-supported debt, including the adopted program for 2020.
- Average annual debt capacity reduced by \$221 million from the prior year, to \$544 million over the ten-year period.
- The introduced budget proposes adding \$219.2 million all funds.
- There is a significant pipeline of projects, some which have been approved for planning but not yet authorized for construction.

# Six-Year Planning Process and the Six-Year Project Advisory Committee (Six-PAC)

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- In 2008, the requirement for a six-year capital outlay plan was codified.
  - The goals of this plan are:
    - 1) To provide for a more business-like approach to capital budgeting, and
    - 2) To produce a more consistent, reliable, and predictable capital outlay program.
  - Project costs are expressed in ranges for budgeting purposes, since precise costs are not known at this stage (i.e. \$10 to \$25 million, \$25 to \$50 million, \$75 to \$100 million).
  - Multi-phased process appears to be leading to more efficient management of resources.
- The “Six-PAC” reviews, analyzes and recommends projects to the Governor for inclusion in the six-year plan (Sec. of Finance, and the Directors of DPB, DGS, SCHEV, HAC and SFAC).
  - The “Six-PAC” was also tasked by the 2013 General Assembly with managing the cash-flows of a \$1.1 billion project pool.
    - Budget language required that no more than \$250 million in bonds be issued each year, beginning with FY 2014, until this pool is completed.

# Overview of Planning in Chapter 56

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- The capital outlay program adopted in Chapter 56 for the 20-2022 biennium totaled approximately \$3.3 billion all fund sources and included planning additional projects.
  - Central Capital for planning (\$10 million GF unallotted, and removed).
    - State Police – Training Academy and HQ
    - VMI – Center for Leadership & Ethics Facility, Phase II
    - NSU – Fine Arts
    - UMW – Fine & Performing Arts
    - Cooperative Extension – Summerseat
    - Gunston Hall – New Archeology and Maintenance Facility
    - DBHDS – Food Service Renovations Statewide, and Eastern State Hospital Phase 4
    - DOC – Powhatan Infirmary and Deerfield Correctional Center
    - VMNH – Satellite Facility in Waynesboro
  - \$32.2 million NGF for detailed planning for institutions of higher education that will be reimbursed once the project moves to construction
    - CNU – Integrated Science Center, Phase III
    - GMU – Virtual Online Campus, Advanced Computational Infrastructure and Hybrid Learning Labs
    - ODU – New Biology Building
    - JMU – Carrier Library
    - VCU – Interdisciplinary Classroom and Laboratory Building, and Arts & Innovation Building
    - VT – Randolph Hall

# Fall 2020 Capital Project Budget Requests by Secretarial Area

Secretarial Area (\$ in millions)	Total
Administration	\$549.8
Agriculture & Forestry	6.7
Education	652.3
Health and Human Resources	156.9
Natural Resources	63.5
Public Safety and Homeland Security	21.9
Transportation	3.5
Veterans and Defense Affairs	<u>57.5</u>
<b>Total</b>	<b>\$1,512.1</b>

- There is a significant pipeline of projects previously approved for planning but not yet authorized for construction.

# Overview of Capital Outlay in SB 1100

Fund Type (\$ in millions)	Chapter 56 2020-22	Gov. Amend. 2020-22	Total 2020-22
General Fund	\$0.0	\$18.0	\$18.0
VPBA/VCBA Tax-Supported Bonds	2,007.1	135.5	2,142.7
9(c) Revenue Bonds	279.5	34.1	313.6
9(d) NGF Revenue Bonds	388.0	21.0	409.0
Nongeneral Fund Cash	<u>606.2</u>	<u>10.5</u>	<u>616.7</u>
<b>Total</b>	<b>\$3,280.8</b>	<b>\$219.2</b>	<b>\$3,500.0</b>

- Planning to replace the Supreme Court and Court of Appeals Building, and a DGS state office building.
- \$58.5 million to supplement bed capacity at Central State Hospital.
- 14 infrastructure/life safety projects.
- Two 9(c) and two 9(d) projects at institutions of higher education.
- NGF supported projects include: acquiring a new state forest, state park acquisitions, Winchester DMV, and Flight Control Tower.
- Several language amendments.

# 2021 Capital Construction Pool: New Projects

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Agency	Project Title
Virginia Museum of Fine Arts	Life and Safety Projects
Eastern Virginia Medical School	Install Lewis Hall Generator
Eastern Virginia Medical School	Replace Two Hofheimer Hall Air Handling Units
Gunston Hall	Reconstruct East Yard Enslaved Quarter
Wilson Workforce and Rehabilitation Center	Emergency Replacement of HVAC System, Mary Switzer Building
Department of the Blind and Vision Impaired	Replace Roof, Virginia Industries for the Blind, Charlottesville Plant
<b>Total</b>	<b>\$11.7 million</b>

# Other Standalone Tax-Supported Bond Projects

Agency	Project Title
Department of General Services	Waterproof Repairs Capitol Visitors Center
Longwood University	Major HVAC Controls and Equipment
Virginia State University	Improve HVAC Campus-wide
Science Museum of Virginia	Facility and Infrastructure Repairs
Department of Veterans Services	State Match to Renovate Veterans Care Centers
Department of Veterans Services	Renovate Veteran Care Centers
Department of Military Affairs	Replace/Install Fire Safety Systems
Department of Military Affairs	Security Enhancements
<b>Total</b>	<b>\$50.9 million</b>



# Nongeneral Fund Supported Projects

Agency	Project Title
Department of Forestry	Acquire New State Forest (Charlotte County)
Longwood University	Replace Major HVAC Controls and Equipment
Department of Conservation and Recreation	Property Acquisition State Parks
Department of Corrections	Goochland-VCCW Wastewater Treatment Plan Expansion
Department of Motor Vehicles	Construct Winchester Customer Service Center
Department of Veterans Services	Renovate Veterans Care Centers
Department of Military Affairs	Airfield Flight Control Tower
<b>Net Total</b>	<b>Net \$10.5 million</b>