

November 27, 2000

**MEMORANDUM**

TO: Selected Budget Officers of State Agencies and  
Institutions of Higher Education

FROM: Richard D. Brown   
Deputy Director

SUBJECT: Instructions for Developing the 2002-2008 Capital Budget Requests

The Department of Planning and Budget (DPB) has placed out on its web-site the instructions for developing your agency's six-year capital outlay plan for the next three biennia. These instructions, along with the pertinent forms, can be found "State Agency Services" on our "Forms and Instructions" page under "Capital Budget." at [www.dpb.state.va.us](http://www.dpb.state.va.us). You will note that the instructions continue to place an emphasis on long-term capital planning. Your agency's strategic plan, master site plan, and six-year capital outlay plan should be the basis for requested capital outlay funding.

Most of the submission requirements are the same as last time. Any changes of note are highlighted in the Introduction under "What's New." The biggest change is that you will submit your plan to DPB electronically.

As in the past, components of the six-year plan will be due at different times. Please review carefully the first several pages in the instructions ("Introduction") to obtain a better understanding of the requirements and deadlines. You may be particularly interested in the submission calendar. This first portion of your plan is due on April 16, 2001. At this time, you are to submit summary information on all projects requested for the six-year period as well as detailed information on capital outlay leases and maintenance reserve subprojects being proposed for the 2002-2004 biennium.



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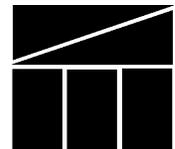
Your DPB budget analyst is available to answer any questions you or your staff should have.

Attachment

c: Cabinet Secretaries  
Agency Heads  
Presidents of Colleges and Institutions  
Scott D. Pattison, Director  
Department of Planning and Budget  
Donald C. Williams, Director  
Department of General Services  
Mary G. Morris, Treasurer  
Department of the Treasury  
DPB Associate Directors and Analysts

# Six-year Capital Budget Request

**2002-2008 Budget Development**



**Virginia Department of  
Planning and Budget  
November 2000**

# Instructions for Developing the Six-Year Capital Budget Request for 2002-2008

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# I. Introduction

This document provides guidance for submitting the Six-Year Capital Outlay Plan for 2002-2008. It contains instructions for preparing requests for the following:

- 2002-2004 capital projects,
- 2002-2004 maintenance reserve subprojects,
- Projects being considered for funding in the 2004-2006 and 2006-2008 biennia, and
- Existing and proposed capital lease agreements.

## What's new?

The process for developing your six-year capital proposals will be similar in many respects to the one used two years ago. Some changes have been made to reduce the total number of forms and the amount of information required for the capital budget submissions. The following items summarize the main differences in the capital submission requirements.

**Summary and financial information.** The DPB Form H-1 has been redesigned and the DPB Form H-1A eliminated.

**Detailed/supporting documentation.** The forms for this part of the process have been changed to the DPB Form S-1, the DPB Form CNJ, the DPB Form C-1, and the DPB Form E-1.

**Project Scope Profile (DPB Form S-1).** This is a new form that consolidates information that was previously provided on the P-1, P-2, P-3, P-4, and P-5 project definition forms. The P-3A, P-4D, and P-4E forms have been eliminated.

**Project Request Justification (DPB Form CNJ).** This is a new form for submitting the detailed project narrative that was previously required with the P forms. The new form is designed to make the contents of the project narratives more consistent.

**Project Cost Profile (DPB Form C-1).** This new, multi-part form is a standard format for providing cost details to support the summary project costs reported on the H-1 form. The C-1 form contains a section for each cost category. However, because this form is normally submitted later as part of the detailed project submission, the cost data may differ from the costs initially reported on the H-1. It will not be necessary to submit a revised Form H-1. However, the changes should be explained in the request justification (Form CNJ).

**Project Energy Profile (DPB Form E-1).** The DPB Form P-6, has been renamed the DPB Form E-1. There are no changes to the content of this form, which is designed to capture information on improvement projects that have a significant energy component. This information will be used to assess alternative financing possibilities.

**Capital outlay leases.** The instructions specify which lease agreements **must be** requested as capital outlay projects. We plan to eliminate the DPB Form L-2 **after** this capital budget submittal.

**Earlier Timetable for Submission of Maintenance Reserve Plans.** The timetable for the submission of your annual maintenance reserve plan has been advanced to August 16, 2001.

**Electronic format required.** We no longer require hard copies of the project request justifications unless you have additional documentation to support the requests. Electronic and regular mail guidelines and addresses are included in Section IV.

## What has not changed?

The instructions continue to place an emphasis on long-term planning for capital outlay expenditures. Each agency's approved strategic plan, its master site plan, and its six-year capital outlay plan will be the basis for capital budget funding recommendations.

Other than the form changes noted above, the submission process remains virtually unchanged. The submission will again be in two parts. Agencies will submit to DPB summary information (DPB Form H-1) on **all projects** that are being requested for the six-year period included in their capital plan. Based on notification from DPB, agencies will prepare more detailed narrative and technical information using the S-1, CNJ, E-1, and C-1 forms on certain projects requested for the 2002-2004 biennium. The supplemental information will be due either on May 1, 2001 (for projects pre-authorized in February 2001) or on August 1, 2001 (for projects authorized on June 1, 2001).

- **Summary and Financial Information.** The initial request continues to include a narrative section that should focus on the programmatic justification and need for the project. There is a narrative section on the new DPB Form H-1.
- **Project definition justification worksheets.** Most of this information has been consolidated into the Project Scope Profile (DPB Form S-1) and the Project Request Justification (DPB Form CNJ). Project request justifications and project scope profiles will be prepared for only certain projects requested for the 2002-2004 biennium. The energy profile information will now be reported on the DPB Form E-1. Supplemental cost information will now be reported on the Project Cost Profile (DPB Form C-1).
- **Project teams.** An interagency team -- consisting of your staff, staff from central review and oversight agencies, and legislative money committee staff -- will be established for major projects requested for the 2002-2004 biennium. The team will work together from budget development throughout the life of the project to ensure swift project execution and quick resolution of problems.

Similar to last time, these instructions, as well as the forms themselves, are available on DPB's web site at "www.dpb.state.va.us." They can be found on our "State Agency Services" page under "Forms and Instructions" and "Capital Budget."

## Key dates for the 2002-2008 capital budget submissions

<b><i>Date</i></b>	<b><i>Action</i></b>
November 2000	The Department of Planning and Budget (DPB) issues instructions for the preparation of six-year capital proposals.
February 2001	DPB notifies agencies of projects for which project request justifications (project scope profile, project request justification, project energy profile, and project cost profile) are to be submitted by May 1, 2001. (These projects will be identified from prior submissions for the purpose of smoothing the workload in the review process.)
April 16, 2001	Agencies submit summaries of all projects in their six-year plan to DPB (DPB Forms H-1) along with their 2002-2004 maintenance reserve requests (DPB Forms MR-1), maintenance reserve projects planned for future biennia (DPB Forms MR-2), and a summary of proposed capital outlay leases (DPB Form L-1).
May 1, 2001	Agencies submit project request justifications (project scope profile, project request justification, project energy profile, and project cost profile) for capital projects preauthorized in February 2001.
June 1, 2001	Agencies notify DPB of any changes to their capital submission based on the results of their strategic briefings. This would include additions, deletions, or modifications to projects submitted on May 1, 2001.
June 2001	Based on their April 16, 2001 submissions and strategic briefings, DPB notifies agencies of additional capital projects for which project request justifications (project scope profile, project request justification, project energy profile, and project cost profile) will be needed.
June/July 2001	Project team meetings are held for selected projects submitted on May 1, 2001.
June 15, 2001	DPB validates new subprojects for inclusion in agency 2002 Maintenance Reserve Plans.
August 1, 2001	Agencies submit project request justifications (project scope profile, project request justification, project energy profile, and project cost profile) for all projects authorized in June 2001.
August 16, 2001	Agencies submit to DPB information on existing capital outlay leases (DPB Form L-2).
August 16, 2001	Agencies submit to DPB their updated 2002 Maintenance Reserve Plan (DPB Form MR-3) including those subprojects validated for the 2002-2004 biennium.
Aug/Sept 2001	Project team meetings are held on selected projects submitted on August 1, 2001.
Sept 15, 2001	Agencies submit financial feasibility studies for revenue bond projects (with appropriate copies) to the Department of the Treasury. The Department of the

Treasury plans to disseminate a new financial feasibility study format by early summer.

Dec 20, 2001

Governor submits 2002-2004 biennial budget to the General Assembly.

## II. Capital Budget Submission

The capital budget submission sets forth your agency's capital project needs for the next six years. The request ranks the projects in priority order and justifies the need for them in terms of your agency's goals, objectives, programs, and services. Different components of the request will be due at different times. By April 16, 2001, you will be required to prepare summary information for **all projects** requested for each of the three biennia included in your six-year plan. At that time, you will also present detailed information on your maintenance reserve funding needs for the 2002-2004 biennium. On May 1, 2001 and August 1, 2001, more detailed narrative and technical information will be submitted only for certain major capital projects requested for the 2002-2004 biennium. DPB will notify you of the projects to prepare more detailed information for, and when this information should be submitted.

Appendix A provides guidance on whether your property, plant, or equipment needs should be included in the operating or capital budget. It also addresses the various types of multi-task projects, including maintenance reserve, discussed in the instructions below.

### 2002-2008 Capital Outlay Plan

On April 16, 2001, the following components of your Six-Year Capital Outlay Plan are due:

Summary and financial information (Form H-1) for all projects included in your plan,  
Summary of proposed capital outlay leases for the 2002-2004 biennium (Form L-1),  
Detailed 2002-2004 maintenance reserve subproject requests (Form MR-1), and  
Summary of future maintenance reserve subprojects planned for future biennia (MR-2).

Your Six-Year Capital Outlay Plan should be sent electronically directly to DPB at [capitalbudget@dpb.state.va.us](mailto:capitalbudget@dpb.state.va.us). Submission instructions are included in Section IV.

### Summary and financial information

Except for maintenance reserve projects, which have their own set of forms and instructions (see below), you must prepare a "DPB Form H-1, Summary and Financial Information" for each project included in your 2002-2008 capital outlay plan, regardless of the biennium for which the project was requested. However, as noted in the form instructions, certain portions of the DPB Form H-1 are completed only for projects being requested for the first biennium of the six-year plan. If you are requesting an umbrella project, you will also need to prepare a separate DPB Form H-1 for **each** of the subprojects within that umbrella project.

The purpose of the DPB Form H-1 is to summarize the size and scope of the project and provide estimates on the project's cost. **You will need to provide a sufficient description and justification for the project so that the reader knows what is being requested and why it is needed.**

*(See Section V of these instructions for "DPB Form H-1, Summary and Financial Information," and the instructions for completing the form.)*

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***Note: If funding is being requested in the 2002-2004 or 2004-2006 biennium for a project that was not included in your agency's 2000-2006 six-year capital plan, you must explain in Section J of the DPB Form H-1 why the project was not anticipated and included in that plan.***

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## **Summary of proposed capital outlay leases**

The DPB Form L-1 is used to summarize data for projects being requested in the 2002-2004 biennium that involve leasing arrangements that may qualify as "capital outlay leases."

## **Maintenance reserve request submission**

All agencies with a physical plant are to submit maintenance reserve requests to identify any new requirements needed to maintain or extend the useful life of their facilities. As you do with stand-alone capital projects, you should identify your maintenance reserve requirements over the six-year planning period. Your maintenance reserve request for the 2002-2004 biennium should be submitted using Form MR-1 forms and reflect only those subprojects required for that biennium and not your agency's total six-year need. Projects for the two subsequent biennia should be submitted using Form MR-2. **Do not include similar work in both your maintenance reserve request and a stand-alone capital project. Also, do not submit a request for a previously validated project.**

Maintenance reserve subprojects are **not** intended to enhance, upgrade, or otherwise improve plant, property, or equipment unless such work is incidental to the main purpose of the project (less than 25 percent of the overall cost). The maintenance reserve plan should cover facilities funded from nongeneral funds as well as those supported with general fund dollars.

*(See Appendix A of these instructions for further definition of maintenance reserve subprojects.)*

Your maintenance reserve request will include the following items:

**"DPB Form MR-1, Maintenance Reserve Subproject Request."** This form describes the subproject and summarizes information about the need, cost, and eligibility for maintenance reserve funding. The DPB Form MR-1 is prepared only for maintenance reserve subprojects being requested for the 2002-2004 biennium.

**"DPB Form MR-2, Summary of Future Maintenance Reserve Subprojects."** This form lists and prioritizes all the individual subprojects planned in the final four years of your six-year plan. A separate form is completed for each of the last two biennia. **Institutions of higher education with authority to manage their maintenance reserve programs at the local level need only to include the new projects on the DPB Form MR-2, but the MR-2 should be completed for all three biennia.**

*(See Section V of these instructions for "DPB Form MR-1, Maintenance Reserve Subproject Request" and "DPB Form MR-2, Summary of Future Maintenance Reserve Subprojects" and the instructions for completing these form.)*

DPB will review each maintenance reserve subproject request and validate those that meet the criteria. DPB will return to you by June 15, 2001, copies of the DPB Form MR-1 indicating whether individual subprojects have been approved or disapproved. You must then incorporate the newly validated subprojects into your maintenance reserve plan for the 2002-2004 biennium and submit the update, using the DPB Form MR-3, to DPB no later than August 16, 2001. Detailed instructions on how to prepare your 2002 maintenance reserve plan will be issued prior to the deadline. DPB will base its recommendations for 2002-2004 maintenance reserve funding on this comprehensive update of your maintenance reserve plan.

## **Detailed 2002-2004 capital project request submission**

You must prepare a detailed capital project request for each project requested for the 2002-2004 biennium for which: (1) you receive authorization in February 2001, or (2) DPB subsequently approves the submission of more detailed information in June 2001. Maintenance reserve requests are excluded from this requirement. The primary purpose of the detailed capital project request is to provide a carefully reasoned explanation of the need for the project, describe what the project entails, demonstrate how it relates to program goals and objectives, and identify the projected costs. The detailed capital project request consists of the following two elements:

**Project request justification (DPB Form CNJ).** The project request justification presents the specific detailed information explaining the programmatic need for the project and describing why it is necessary to the delivery of your agency's services and activities. It also relates the project to your agency's strategic plan.

**Project definition worksheets (DPB Forms C-1, E-1, and S-1).** These worksheets are used to identify design parameters and any special requirements associated with the project. Information from the worksheets will be used to establish a "design-to" construction budget, a "design-to" gross area, and a project design budget. Along with the project definition worksheets, agencies, under certain circumstances, will also be required to submit Environmental Impact Reports to the Department of Environmental Quality (DEQ).

The project request justification and the project definition worksheets (and supporting documents) for projects pre-authorized in February 2001 are due to DPB by May 1, 2001. The requests and copies for the subsequent projects authorized by DPB in June 2001 are due by August 1, 2001.

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### **Note about umbrella projects:**

*If you are combining more than one facility or improvement into an umbrella project, it may not be necessary to provide a project request justification and a series of project definition worksheets for each separate subproject within the umbrella. Depending on the nature of the umbrella project, one or more of the components can be consolidated. Consult with your DPB analyst on the requirements for submitting any umbrella projects that you may have.*

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## **Project Request Justification (DPB Form CNJ).**

The project request justification details the project's scope and justifies its need. The need must be demonstrated from several perspectives, including the agency's programs and activities and the condition

of the existing facilities in order to show why it is important to fund your request. The narrative should be as thorough and complete as necessary. The quality of your submission is extremely important. Remember who your audience is for this submission and **do not** use technical engineering terms and jargon. Decision-makers may only have your narrative as the basis for considering the merits of your request.

## **Project Scope Profile (Form S-1) and Project Cost Profile (Form C-1)**

The project scope profile and cost profile will be used to help determine the project's budget and its size and scope. These forms are Word documents with embedded Excel worksheets. You need to describe all unique aspects, conditions, and proposed design features that may influence the project's cost. Failure to do so may result in understating the amount of funds needed to complete the project. You are encouraged to use in-house staff to prepare these forms. It is not necessary to hire an architectural and engineering firm to complete these worksheets unless your agency does not have sufficient in-house expertise. If you need help, first contact your reviewer in the Department of General Services' Bureau of Capital Outlay Management (BCOM), who may be able to assist you with these worksheets.

Agencies should submit **all** cost-related back up material supporting project cost and design information on the Project Cost Profile (C-1). If this backup information cannot be submitted electronically, it should be mailed to the Capital Submissions Clerk at DPB (see Section IV of these instructions). For example, if a schematic or preliminary estimate, a life cycle cost analysis, or a value engineering study has been prepared for the project, then this data should be submitted. Likewise, if a listing of comparable projects and associated costs has been developed, this material should be provided. Also, any supporting design data such as feasibility studies, schematic design documents, or preliminary design documents completed but not already submitted to BCOM should be included. This back-up material will help BCOM evaluate the reasonableness of the proposed project budget and the appropriateness of the proposed technical solution.

## **Project Energy Profile (DPB Form E-1).**

The Project Energy Profile (E-1) is designed to capture information on improvement projects that have a significant energy component. This information will be used to assess the potential for using alternative financing.

*(See Section V of these instructions for copies of the justification and profile sheets and instructions for completing them.)*

## **Environmental Impact Reports**

Section 10.1-1188 of the Code of Virginia requires state agencies to prepare and submit an environmental impact report (EIR) to the Department of Environmental Quality (DEQ) for each major state project. "Major state project" means the acquisition of an interest in land for construction of any state facility (including gifts, leases, and purchases), or the construction of any state facility, or expansion of an existing facility costing over \$100,000. In accordance with §10.1-1190 of the Code, the State Comptroller shall not authorize payments of funds for major state projects unless the request is accompanied by written

approval of the Governor after his consideration of the comments by DEQ on the environmental impact of the facility. DEQ recommends that the EIR be submitted early in the planning process, prior to the submission of the project profiles (Forms S-1 and C-1) to DPB. For more information pertaining to the requirements of the EIR law, contact DEQ's Office of Environmental Impact Review at (804) 698-4330.

## **Review and approval process**

DPB will review all capital project requests and identify, with the assistance of the Cabinet Secretaries, those projects that should be considered for funding in the 2002-2004 biennium. BCOM will review the project profiles to determine an appropriate “design-to” construction budget, “design-to” gross area, and design budget for the project.

Certain major capital projects requested for the 2002-2004 biennium will be reviewed by project teams consisting of staff from BCOM; DPB; the State Council of Higher Education for Virginia (SCHEV); the Department of Mines, Minerals, and Energy (DMME), DEQ, and/or the legislative money committees. These project teams will meet with you to discuss the project submission. The objective of the project team meetings is to reach agreement on “design to” targets for the project. The “design to” targets will include agreements on:

- Space requirements,
- Characteristics of construction,
- Construction budget, and
- Length of time to design and complete the construction.

If the project is approved for funding, this information will be communicated to an architectural and engineering firm. These targets must be adhered to as the schematic and preliminary designs for the project are developed.

### III. Capital Outlay Leases

#### Definition

The leasing of property for use by state agencies may be treated as an operating expense or a capital expense, depending on the nature and term of the lease. A lease is generally considered to be an “operating lease,” which is accounted for as an operating expense, if the lease is for a short period of time (e.g., one year) **and** there is no transfer of ownership involving any portion of the leased property to the lessee (all property interests remain with the lessor).

On the other hand, if a lease is for a longer duration covering a substantial portion of the useful life of the leased property, or if it allows for the transfer of ownership of some portion of the property to the Commonwealth (lessee) at the expiration of the lease (e.g., option to buy, lease-acquisition, etc.), the lease may be classified as a “capital lease” and accounted for as a capital outlay expense. A capital lease does not necessarily mean that an agency takes title of the property. Unlike an operating lease, a capital lease is considered a long-term liability of the Commonwealth and is included in the Commonwealth’s debt capacity.

For purposes of the state’s budgeting process, certain lease agreements are defined as “capital outlay leases” which must be requested and budgeted as capital outlay projects. A “capital outlay lease” includes:

Any lease agreement involving the acquisition or improvement of real property, as that term is defined in the Commonwealth Accounting Policy and Procedures (CAPP) Manual (See Appendix B);

The purchase of equipment by means of a capital lease agreement if the equipment would meet the capital project definitions if it was purchased outright; or,

Any acquisition or improvement of real property financed by a lease agreement in which the project cost is equal to or exceeds \$5.0 million.

For purposes of the latter, “project cost” is equal to (1) the annual amount of the lease payments multiplied by the number of years of the lease, including the automatic renewal periods, up to a maximum of 20 years or (2) the expected total of all annual lease payments over the term of the lease if the lease amount varies from year to year.

Below are some examples to help clarify whether a lease would qualify as a capital outlay lease.

#### Example 1

Agency XYZ proposes to lease a new building from a real estate developer for \$250,000 per year for 10 years with an option to renew thereafter at the lessee’s discretion for five year intervals up to a maximum of 25 years (i.e., there are three automatic renewal periods). This lease would qualify as a capital outlay lease based on the following project costs:

Annual lease payment	\$250,000
Term of lease & renewal period (capped at 20 years)	<u>x 20 years</u>
Total “Project Cost”	\$5,000,000

## Example 2

Same as #1 above, except that the lessee can renew for only an additional five years (i.e., the total term of the lease with the renewal period is 15 years). This lease **would not** qualify as a capital outlay lease based on the following project costs, assuming that it does not otherwise meet the CAPP definition of a capital lease (See Appendix B under Department of Accounts).

Annual lease payment	\$250,000
Term of lease & renewal period	<u>x 15 years</u>
Total "Project Cost"	\$3,750,000

## Example 3

Same as #1 above, except that the annual lease payment is \$200,000. This lease **would not** qualify as a capital outlay lease based on the following project costs, assuming that it does not otherwise meet the CAPP definition of a capital lease (See Appendix B under Department of Accounts).

Annual lease payment	\$200,000
Term of lease & renewal period (capped at 20 years)	<u>x 20 years</u>
Total "Project Cost"	\$4,000,000

## Example 4

Same as #1 above, except that the annual lease payments are \$230,000 per year for the first 10 years, \$270,000 per year for the next five years, and \$300,000 per year thereafter. The lease would qualify as a capital outlay lease based on the following project costs:

Lease payments first 10 years (\$230,000 x 10)	\$2,300,000
Lease payments next 5 years (\$270,000 x 5)	\$1,350,000
Lease payments through year 20 (\$300,000 x 5)	<u>\$1,500,000</u>
Total "Project Cost"	\$5,150,000

## Review and approval process

Unless otherwise specifically provided by law, all real property leases, whether "operating" or "capital," are subject to review by the Department of General Services (DGS) pursuant to §2-1.504.2, Code of Virginia. Section 4-5.09 of Chapter 1073 requires any agency acquiring real property by means of a lease to certify to the DGS Director that: (1) funds are available within the agency's appropriation to cover the cost of the lease, and (2) that the volume of leased space conforms with the space planning procedures for leased facilities developed by DGS. You should contact the Bureau of Real Property Management at DGS for instructions to comply with these requirements.

In addition, "capital leases" are subject to a separate level of review and approval based on the guidelines promulgated by the Secretary of Finance (see Section 4-3.03 of Chapter 1073). For purposes of this requirement, any agency or institution of higher education proposing to acquire property through a

“capital outlay lease,” as defined above, must submit a capital outlay request for the property just as if the agency were proposing to purchase the property outright. **Agencies cannot enter into capital outlay leases during budget execution without prior approval to initiate a capital project.**

Beginning with the 1998-2000 biennium, capital outlay leases for real property are to be authorized by language in the capital outlay section (Part 2) of the Appropriation Act. This authorization must be obtained prior to entering into any such agreements. Appropriations to support all lease payments will be included in the operating section of the Appropriation Act (Part I). Appropriations to support lease payments for all general fund capital leases for real property financed by the issuance of securities (i.e., tax supported debt) will be included in the Treasury Board’s appropriation in order to ensure consistent management and control. Appendix B summarizes the role of central agencies in the review of leases.

## Proposed Capital Outlay Leases

If you are proposing or expect to have use of property during the 2002-2004 biennium through any arrangement which may qualify as a capital outlay lease, you must report this transaction to DPB on the DPB Form L-1. You must also include any such requests in your capital outlay budget requests (H-1 Form). On the DPB Form H-1, you should identify the project as a capital outlay lease.

The DPB Form L-1 captures certain financial and narrative information that will enable the Secretary of Finance to ascertain whether the proposal is indeed a “capital outlay lease” that is subject to these capital budget instructions, and the extent to which the lease will impact the Commonwealth’s debt capacity calculations. It will also assist decision makers in determining whether leasing is the most cost-effective method for meeting the agency’s capital needs.

You need to list each lease you anticipate entering into during the 2002-2004 biennium as a separate project on the DPB Form L-1. **This reporting requirement applies regardless of the source of financing** (i.e., general fund, special fund, federal trust fund, etc.). Moreover, institutions of higher education must report all proposed leases meeting these criteria regardless of program area (educational and general programs, auxiliary enterprises, or sponsored programs).

*(See Section V of these instructions for a copy of “DPB Form L-1, Summary of Proposed Capital Outlay Leases” and instructions for completing this form.)*

## Existing Capital Outlay Leases

Section 4-3.03 of the General Provisions of the Appropriations Act directs the State Treasurer to incorporate information on existing lease agreements in the annual report of the Commonwealth’s Debt Capacity Advisory Committee. To obtain relevant information for this purpose, you must complete the DPB Form L-2 and submit it to DPB by August 16, 2001.

You should list, as a separate project on this form, each lease your agency or institution had in effect on July 1, 2001 to acquire the use of real property or equipment if the lease meets both of the following criteria:

- The lease acquires property (real or equipment) for your agency's use which has a cost of \$250,000 or more, and
- The lease, at the time it was originally executed, contractually obligated your agency or institution for a period of more than five years including any lease for a shorter period of time if it was (or is) subject to automatic renewal, at the option of the lessor, which has extended (or may do so in the future) the original lease beyond five years.

For agencies other than institutions of higher education, this reporting requirement applies to all existing leases that meet the above criteria, regardless of the source of funding (i.e., general fund, special fund, federal trust fund, etc.). For institutions of higher education, this reporting requirement applies only to existing leases financed from educational and general program funds.

Institutions of higher education do not have to report leases financed from auxiliary enterprise or sponsored program funds unless educational and general program funds are pledged as a backup source of financing within the contractual terms of the lease. If the lease is for property which is used jointly by educational and general programs and auxiliary enterprises or sponsored programs, it should be reported on the DPB Form L-2 if the portion of the property utilized by educational and general programs has a cost estimated to exceed \$250,000 and the lease is for a period greater than five years (including any renewal periods at the option of the lessor). The educational and general portion of the lease may be estimated by multiplying the total cost of the property times the percentage of the property, including the proportionate common areas, used by educational and general programs (based on assigned square footage of the property, time of usage devoted to educational and general programs, etc.).

*(See Section V of these instructions for a copy of the "DPB Form L-2, Summary of Existing Capital Outlay Leases" and instructions for completing this form.)*

## IV. Packaging Your Capital Budget Submission

### Submission contents

#### April 16, 2001 submission

Your April 16, 2001 submission of the 2002-2008 Capital Outlay Plan should contain the following material, packaged in the sequence listed below.

- r **A “DPB Form H-1, Summary and Financial Information”.** All projects should be submitted in one Microsoft Access file.
  
- r **Maintenance reserve request**
  - A “DPB Form MR-1, Maintenance Reserve Subproject Request” **(Only for subprojects being requested for the 2002-2004 biennium).** All subprojects should be submitted in one Microsoft Access file.
  - A DPB Form MR-2 for each of the two future biennia (2004-06 and 2006-08).
  
- r **A “DPB Form L-1, Summary of Proposed Capital Outlay Leases” if applicable.**

#### Detailed submission on selected requests (May 1 and August 1 submissions).

The submission of the May 1, 2001 and August 1, 2001 detailed capital budget requests for each authorized 2002-2004 project must contain the following material:

- r **Detailed 2002-2004 capital project request submission**
  - Project Scope Profile (Form S-1).
  - Project Request Justification (Form CNJ).
  - Project Cost Profile (Form C-1). If the cost totals for each category do not match the summary figures on the H-1 form, an explanation must be provided on the Form CNJ.
  - Any additional back-up material to support the scope and cost profiles.
  - Project Energy Profile (Form E-1), if requesting funding as an energy project.
  - Environmental Impact Report (submitted directly to DEQ).

#### August 16, 2001 Submission

- r **Maintenance Reserve Annual Update and Capital Outlay Leases**
  - DPB Form MR-3
  - DPB Form L-2

## Naming Files

The DPB Form H-1 and DPB Form MR-1 are Microsoft Access documents. Do not attempt to rename these files.

The remaining documents are Microsoft Word documents. The suggested format for naming these files is agency code, a 2-3 word description of project, and type form. For example, 122 Bradford Renovation Form S-1.doc

## Submission packages

### *All agencies*

Send the forms and schedules as attachments to an email message to:  
[capitalbudget@dpb.state.va.us](mailto:capitalbudget@dpb.state.va.us).

**PLEASE MAKE SURE THAT YOU INCLUDE YOUR AGENCY NAME AND AGENCY CODE IN THE SUBJECT LINE OF THE E-MAIL MESSAGE**

Any supporting documentation not in electronic format should be sent to:

Capital Submission Clerk  
Department of Planning and Budget  
Ninth Street Office Building  
200 North Ninth Street, Room 418  
Richmond, Virginia 23219

State agencies must send to DPB six copies of any supporting documentation. Institutions of higher education must send seven copies.

## V. Capital Budget Forms and Instructions

*The forms and the instructions for completing the forms are available through the Internet on DPB's web site at "www.dpb.state.va.us". The forms and instructions will be under "State Agency Services" on our "Forms and Instructions" page under "Capital Budget."*

DPB Form H-1	Capital Project Request, Summary and Financial Information
DPB Form S-1	Project Scope Profile
DPB Form CNJ	Project Request Justification
DPB Form C-1	Project Cost Profile
DPB Form E-1	Project Energy Profile
DPB Form L-1	Summary of Proposed Capital Outlay Leases
DPB Form L-2	Summary of Existing Capital Outlay Leases
DPB Form MR-1	Maintenance Reserve Subproject Request
DPB Form MR-2	Summary of Future Maintenance Reserve Subprojects