



Chapter 4

HIGH-PRIORITY PROJECTS FOR 2000 - 2006

Capital project funded for 2000-2002

In their six-year capital outlay plans, agencies and institutions of higher education requested \$2.7 billion from all funds (\$1.8 billion from the general fund) for 566 capital projects in the 2000-02 biennium.

The budget for the 2000-02 biennium includes a significant pay-as-you-go capital program. This budget reflects, in part, the desire of the Governor and General Assembly to limit new authorizations of tax-supported debt and to take advantage of Virginia's economic growth to fund necessary investments in the state's infrastructure. Since bond rating agencies view control of tax-supported debt as one of the key factors affecting credit quality, this approach should facilitate Virginia's goal to maintain its "triple AAA" bond ratings for general obligation debt while still meeting the necessary capital needs of the Commonwealth.

The 2000 Appropriation Act provides \$964.1 million from all funds for 233 capital projects. Of this total, 210 projects, costing \$730.7 million, are provided for "pay-as-you-go" financing. Twenty-three projects, totaling \$233.3 million, are provided for funding through revenue bonds. (Six of the 23 revenue bond projects also contain some level of "pay-as-you-go" financing.) Detailed capital outlay project budgets for the 2000-02 biennium are presented in Appendix A.

"Pay-as-you-go" financing

"Pay-as-you-go" financing is used to fund the following categories of projects in the 2000-02 biennium:

- ▶ Infrastructure repair projects needed to maintain or extend the useful life of an existing facility.
- ▶ Projects required to comply with state or federal regulations such as projects that improve access to job and work places for handicapped individuals or that allow a facility to comply with environmental standards.
- ▶ Projects that correct hazardous situations or represent immediate threats to life, safety, and health.
- ▶ Projects to replace or renovate substandard and inefficient facilities.

Table 8 on the following page shows the "pay-as-you-go" financing provided for capital outlay projects in the 2000-02 biennium. A more detailed discussion follows.

Table 8
"Pay-as-you-go" funding
 \$ in millions

<i>Type of Project</i>	<i># of Projects</i>	<i>General Fund</i>	<i>Nongeneral Fund</i>	<i>Total Dollars</i>
Infrastructure repairs	42	141.0	28.4	169.5
Life, safety and access	18	21.3	1.8	23.0
Improvements	52	68.2	81.4	149.5
Acquisition and construction	73	51.3	256.4	307.7
Equipment	22	12.7	39.8	52.5
Planning	26	11.6	16.9	28.5
Total	233	\$306.0	\$424.7	\$730.7

Source: Department of Planning and Budget. Figures may not add due to rounding.

Infrastructure repair projects. Included in the \$169.5 million provided for major repairs and upgrades to facilities and mechanical and utility systems is \$100.2 million of general fund dollars in central capital outlay appropriations for maintenance reserve projects. These maintenance reserve projects consist of low cost repairs that are aimed at maintaining or extending the useful life of an existing facility. Example of these types of repair projects include installing new roofing, making electrical repairs, repairing parking lots, and replacing heating systems. General fund maintenance reserve dollars will be disbursed among 43 state agencies and institutions of higher education supported wholly or in part by the general fund. Along with the central capital outlay appropriation, \$18.6 million in nongeneral fund dollars is included in agency capital budgets for maintenance reserve-type projects.

In addition to the funding for maintenance reserve projects, \$50.6 million (\$40.8 million from the general fund and \$9.8 million in nongeneral funds) is provided for projects to correct deficiencies such as roof replacements; electrical system repairs; heating, ventilation, and air conditioning system replacements; parking lot repairs; and other facility upgrades. Illustrative of the other infrastructure repair projects is the following:

Table 9
Examples of "pay-as-you-go" repair projects recommended for funding in the 2000-02 biennium

<i>Agency</i>	<i>Project Title</i>	<i>\$ Total \$ in millions</i>
Virginia Community College System	Replace major mechanical systems, various campuses	6.0
University of Virginia	Replace Davis electrical vault	1.4
Department of Corrections	Electrical Repairs to Field Units	1.0
Science Museum of Virginia	Separate combined sewer lines	0.5

Life, safety, and access improvements. The capital budget includes \$21.3 million (general fund) and \$1.8 million (nongeneral funds) to correct situations representing an immediate threat to life, health, and safety. This includes efforts to clean up environmental hazards, improve handicapped access to state facilities, and address fire safety code issues.

Central capital outlay appropriations include \$5.9 million in general fund dollars to remove materials containing asbestos or lead-base paints from buildings, to comply with U.S. Environmental Protection Agency regulations related to the repair and upgrade of underground storage, and to make buildings and other facilities accessible to handicapped individuals. DPB administers these central capital outlay appropriations. This process facilitates a comprehensive approach to identifying the total need and setting priorities for addressing that need.

Improvements. The capital budget includes \$68.2 million (general fund) and \$81.4 million (nongeneral funds) to renovate existing buildings and structures. Included in this amount is \$1.5 million in general fund dollars in central capital outlay appropriations for projects that will generate significant energy savings for the Commonwealth. These projects could include additions or improvements to electrical, heating, and ventilation systems as well as the installation of energy management controls or improvements to window or door insulation.

The following are illustrative of the improvement projects that are funded in the 2000 Appropriation Act:

Table 10
Examples of “pay-as-you-go” improvement projects
funded in the 2000-02 biennium

<i>Agency</i>	<i>Project Title</i>	<i>\$ Total</i> <i>\$ in millions</i>
Department of Game and Inland Fisheries	Wytheville Hatchery Improvements	3.6
Virginia Commonwealth University	Renovate space for Honors Program	1.3
College of William and Mary	Renovate Recreational Sports Center	1.1
Department of Transportation	Upgrade Operational Facilities	3.8

Acquisition and new construction. The capital budget provides \$51.3 million (general fund) and \$256.4 million (nongeneral funds) for acquisition and new construction projects. This includes projects to replace worn out or obsolete buildings and projects to expand facilities to better serve the public or to house expanded services. The following are illustrative of the acquisition and new construction projects that are funded in the 2000 Appropriation Act.

Table 11

Examples of “pay-as-you-go” acquisition and new construction projects funded in the 2000-02 Biennium

<i>Agency</i>	<i>Project Title</i>	<i>\$ Total \$ in millions</i>
University of Virginia Medical Center	Kluge Children's Rehabilitation Center	37.2
Department of Corrections	Replace St. Brides	16.0
University of Virginia	Construct Concert Hall	25.0
Virginia Employment Commission	Purchase Roanoke Local Office	2.2
Jamestown-Yorktown Foundation	Jamestown interim exhibit	0.8

Tobacco Indemnification and Community Development Fund. In addition to the use of general fund and traditional nongeneral fund dollars, capital projects may also be financed by the Tobacco Indemnification and Community Development Fund. This fund, which was established to receive Virginia's Master Settlement Agreement allotment, is managed by the Tobacco Indemnification and Community Revitalization Commission. Although this fund's primary purpose is to spur economic development in Southside and Southwest Virginia communities currently dependent upon tobacco cultivation, the Commission may occasionally direct funds to certain capital projects. Recently, for example, the Commission provided \$1.9 million to construct a biomedical sciences complex at Virginia Tech.

Bond financing

The 2000-02 biennial budget authorizes 23 capital projects to be financed with bonds: \$107.8 million in Section 9(c) bonds and \$125.5 million in Section 9(d) bonds. The number and amount of recommended bond financed projects for the 2000-02 biennium are consistent with the Commonwealth's policy of limiting additional authority for new tax-supported debt.

Projects to be financed through the issuance of Section 9(c) revenue bonds, which are backed by the full faith and credit of the Commonwealth, primarily consist of renovations to existing residence hall facilities or construction of new residence hall facilities on our college and university campuses. These projects are considered revenue producing and funded under Article X, Section 9(c) of the Constitution of Virginia. Accordingly, the revenues generated by the project will be used to pay the debt service and fund all operating and maintenance costs. No general fund dollars will be used to pay the debt service on any recommended Section 9(c) project.

Those projects funded through the issuance of Section 9(d) revenue bonds, which are not backed by the full faith and credit of the Commonwealth, consist of a variety of projects such as renovations or construction of student centers, athletic and recreational facilities, or parking decks.

Table 12 summarizes the capital outlay projects authorized for bond financing in the 2000-02 biennium by category. A more detailed discussion of each category follows.

Table 12
Bond funding authorized for the 2000-02 Biennium
 \$ in millions

<i>Type of Project</i>	<i># of Projects</i>	<i>§9(c) Bonds</i>	<i>§9(d) Bonds</i>
Building improvements	6	15.3	32.9
Infrastructure repair	2	2.3	3.0
New construction	15	90.2	89.6
TOTAL	23	\$107.8	\$125.5

Figures may not add due to rounding. Source: Department of Planning and Budget

Building improvements. Funds totaling \$48.2 million have been provided for six capital projects to improve existing state-owned buildings. Three of these projects will be financed by Section 9(c) revenue bonds and three will be financed by Section 9(d) revenue bonds. Those projects that are authorized for funding under Section 9(c) include: the renovation of residence halls at Mary Washington College, James Madison University, and the College of William and Mary. In contrast to those Section 9(c) bond projects, the projects authorized for Section 9(d) funding include: expansion of Lane Stadium at Virginia Tech and the renovation of student centers at Christopher Newport University and George Mason University.

Infrastructure repairs. \$5.3 million has been provided for two infrastructure repair projects. First, Section 9(c) bond financing is authorized to support HVAC renovations and repairs to a residence hall at Mary Washington College. Second, Section 9(d) bond financing has been authorized for repairing an electrical service facility at Virginia Tech.

New construction. Finally, a total of 15 new construction projects are authorized for funding during the 2000-2002 biennium. The total funding required for these recommended projects equals \$179.8 million. Six of the projects, which are for the construction of new residence halls at Virginia Commonwealth University, Christopher Newport University, George Mason University, Virginia State University, and the University of Virginia, are authorized for financing through Section 9(c) revenue bonds. Nine additional projects have been authorized for financing through Section 9(d) bonds. These nine projects are shown in Table 13 on the following page.

High-priority capital projects for 2002-2004

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This plan identifies 152 high-priority capital outlay projects at a total cost of \$1,005.1 million for the 2002-2004 biennium, from all funding sources. Of this amount, \$753.5 million is slated for direct funding from the general fund or tax-supported debt, and \$103.9 million is included for Article X, Section 9(c) tax-supported, revenue-backed debt. Much of the recommended funding (\$422.3 million) is for projects at institutions of higher education.

Table 13
Bond financed new construction projects authorized for
funding in the 2000-02 Biennium
\$ in millions

<i>Agency</i>	<i>Project Title</i>	<i>\$ Total</i>
Virginia Polytechnic Institute and State University	Construct Biomedical Sciences Complex, phase I	21.9
Virginia Polytechnic Institute and State University	Construct alumni hall	20.7
Virginia Polytechnic Institute and State University	Construct career services building	4.6
University of Virginia	Construct addition to aquatic and fitness center	5.0
Virginia Commonwealth University	Improve student centers	10.0
Virginia Commonwealth University	Construct Bowe Street parking deck	9.6
The College of William and Mary	Construct parking deck	7.3
Longwood College	Construct fitness center/field house	6.0
Virginia Community College System	Construct downtown campus parking deck at J. Sargeant Reynolds Community College	4.5

The dollars associated with each project are the amounts requested by the agencies. These cost estimates will be refined during the planning process. Please note that the six-year plan is not a guarantee that an individual project will be funded since overall spending levels may change as a result of economic conditions and other factors.

Highlights of recommended projects for the 2002-2004 biennium are shown in Table 14. Other funding in this plan generally replicates themes discussed throughout this report, as the Commonwealth addresses demographic trends, service delivery issues, and the need to maintain an aging infrastructure. A complete list of capital projects recommended in this plan for the 2002-2004 biennium is presented in Appendix B. More detailed descriptions of the capital projects recommended for the 2002-2004 biennium are available from the Department of Planning and Budget upon request.

Table 14
Capital outlay plan for 2002-2004
\$ in millions

<i>Type of Project</i>	<i># of Projects</i>	<i>Total Dollars</i>
Infrastructure repairs	22	272.9
Life, safety and access	3	8.0
Improvements	59	269.9
Acquisition and construction	64	430.6
Equipment	1	21.7
Planning	1	0.9
Other	2	1.2
Total	152	\$1,005.2

Figures may not add due to rounding. Source: Department of Planning and Budget

High-priority capital projects for 2004-2006

For the 2004-2006 biennium, this plan identifies 188 high-priority capital projects at a total cost of \$1,225.8 million, all funds. Of this amount, \$853.9 million is included for direct funding from the general fund or for tax-supported debt, \$115.2 million is provided for Article X, Section 9(c) tax-supported, revenue-backed debt, and \$256.6 million is derived from non-general fund sources.

Appendix D lists the high-priority capital outlay projects recommended in this plan for the 2004-2006 biennium. Similar to the projects included in the plan for the 2002-2004 biennium, the dollars for each project are the amounts requested by the agencies. Highlights of recommended projects for the 2004-2006 biennium follow. As in previous biennia, the majority of funding recommended for consideration is for higher education purposes (\$709.6 million).

Table 15
Capital outlay plan for 2004-2006
\$ in millions

<i>Type of Project</i>	<i># of Projects</i>	<i>Total Dollars</i>
Infrastructure repairs	21	300.5
Life, safety and access	3	8.0
Improvements	96	495.0
Acquisition and construction	63	406.8
Equipment	1	5.1
Planning	3	10.4
Other	1	0.0
Total	188	\$1,225.8

Figures may not add due to rounding. Source: Department of Planning and Budget

Appendix A

**CAPITAL OUTLAY RECOMMENDATIONS
FOR THE 2000-2002 BIENNIUM**

Appendix B

**HIGH-PRIORITY CAPITAL OUTLAY PROJECT
PLAN FOR THE 2002-2004 BIENNIUM**

Appendix C

**HIGH-PRIORITY CAPITAL OUTLAY PROJECT
PLAN FOR THE 2004-2006 BIENNIUM**