

DRAFT

SIX-YEAR CAPITAL OUTLAY PLAN ADVISORY COMMITTEE

Meeting Minutes

August 9, 2022

Members Present

Stephen E. Cummings, Secretary of Finance
Michael Maul, Director, Department of Planning and Budget
April Kees, Director, Senate Finance and Appropriations Committee
Joe Damico, Director, Department of General Services
Anne Oman, Staff Director, House Appropriations Committee

Agency Staff in Attendance

John Markowitz—Deputy Secretary of Finance
Mike Coppa—General Services
Mike Gray—General Services
Ron Semel—General Services
Anoop Kaul—General Services
Jessica Hendrickson—General Services
Andrea Peeks— House Appropriations Committee
Tyler Williams— Senate Finance and Appropriations Committee
Anya Pfeiffer— Senate Finance and Appropriations Committee
Banci Tewolde—Planning and Budget
Emily Grimes—Planning and Budget
Aimie Gindi—Planning and Budget
Ryan Ramirez—Planning and Budget
Zach Villegas—Planning and Budget
Candice Owens—Auditor of Public Accounts
Richard Rhodemyre—Treasury
Wendy Kang— State Council of Higher Education for Virginia
Grace Covello— State Council of Higher Education for Virginia

Other Members of the Public

Rita Passaglia—MWC
Margaret Rockwell—MWC

Secretary Cummings called the meeting to order.

Upon a motion of Ms. Kees, seconded by Secretary Cummings, the minutes of the previous meeting were approved.

Mr. Maul asked if there were any comments from the public. There were none.

The next order of business was a review of the status of the capital outlay pools as of June 30, 2022, presented in a report by Mr. Coppa of the Department of General Services (DGS). Mr. Coppa reported that new subtotals had been added to the executive summary of the quarterly report for three groups of pools, grouped together by age. The amount available from the Chapter 1 (2008) and Chapter 890 (2012) pools was \$39.3 million. The amount available from the Chapter 3 (2012) pool was 6.0 million. Together the balance was \$45.3 million from the Chapter 1 (2008), Chapter 890 (2012), and Chapter 3 (2012) pools. Mr. Coppa pointed out that all projects in these older pools were under contract, but not all were indicated as complete. Therefore, a portion of the balance may be available for transfer if needed.

Turning to the Chapter 806 (2013) pool, Mr. Coppa reported that the total projected cost of the projects in the pool was approximately \$18.8 million under the total authorization after accounting for previous transfers. For the Chapter 2 (2014) pool, the total cost for all projects was projected to exceed the authorization by \$1.0 million. The projected Chapter 665 (2015) pool costs were \$3 million less than total pool authorization. All projected pool balances were consistent with the previous report. Mr. Coppa recommended keeping the total of \$20.8 million projected balances between the Chapter 806 (2013), Chapter 2 (2014), and Chapter 665 (2015) pools in the given pools due to the percent of projects authorized for construction contract award and percent of projects complete.

Turning to the Chapter 759/769 (2016) pool, Mr. Coppa reported that the total cost for all projects was now projected to exceed the authorization by \$113.1 million (which includes the nine nongeneral fund projects excluded from the spending cap). This figure takes into account \$73 million that has been transferred from the Chapter 1289 supplement pool. In addition to the \$73 million transfer from the supplement pool that has already been executed, an additional \$37.8 million was previously recommended to be transferred to the Chapter 759/769 pool by the Committee.

Mr. Coppa reported the total cost for all projects in the Chapter 836 (2017) pool was projected to exceed the authorization by \$1 million, consistent with the previous report. For the Chapter 2 (2018) pool, the total cost for all projects was projected to be \$4.9 million less than the total authorization, as compared to \$4.6 million in the previous report. The total cost for all projects in the Chapter 854 (2019) pool was projected to exceed the authorization by \$29.6 million, consistent with the last quarterly report.

Turning to the Chapter 1289 (2020) pools, Mr. Coppa reported that the total cost for all projects in the VPBA pool was projected to be \$0.2 million more than total authorization, consistent with the previous report. The VCBA pool was projected to exceed total authorization by \$29.5 million, as compared to \$24 million in the last quarterly report. Mr. Coppa recommended continued monitoring of projects in the pool and noted that the Chapter 1289 and Chapter 854 pools were still relatively young and presented increased risk for cost increases due to the large proportion of projects not yet under contract.

In terms of the project details for the Chapter 806 pool, it was noted that one project in this pool, Virginia State University's Water Storage Tank and Campus Water Distribution Piping and Campus Sewer Upgrades, remained in Design 1. Mr. Maul explained that additional funding to cover the remaining portion of this project was in Chapter 2, 2022 Acts of Assembly, Special Session I. However, it was currently unclear if the additional funding would be sufficient to complete the entirety of the project. Mr. Coppa noted that one of the subprojects had been submitted to DEB recently for review.

Turning to the Chapter 759/769 (2016) pool bond issuance limits, Mr. Coppa reported that the projection for annual issuance continued to remain under the annual limit imposed by law (accounting for the exclusion of the nine nongeneral fund projects from the cap). Mr. Coppa recommended continued monitoring of projects in the pool. It was noted that the Department of Juvenile Justice's new juvenile justice center was still in design and had not yet reached schematic review.

The number of projects not yet closed out with a CO-14 form was noted. A process of evaluating projects after a time period such as twelve months after receiving a certificate of occupancy was proposed by Secretary Cummings. Mr. Maul stated that the Department of Planning and Budget could review projects meeting the given criteria around fiscal year-end and would discuss this process further and follow up with the Committee.

The next item on the agenda was the Department of Military Affairs' project authorized in Chapter 1, 2021 Acts of Assembly, Special Session II, that allowed the department to upgrade the HVAC systems of readiness centers (armories) and build medical suites. Mr. Maul explained that the language in Chapter 1 stated that priority for funding use was to be given to completing HVAC projects and required the Committee to be notified and approve of plans and cost estimates for this project. Mr. Maul stated that the agency was ready to proceed with planning and had identified more HVAC project needs than the \$50.0 million funding provided in Chapter 1. The Department of Military Affairs (DMA) desired to complete one emergency medical suite as a prototype at an estimated cost of \$5.0 million and use the remaining funding for HVAC projects. Guidance from the Committee was requested regarding whether to allow one emergency medical suite to be completed or whether all funding should be directed towards HVAC projects. It was decided that all funding should be directed to HVAC projects. Specific HVAC project costs and plans would be brought to the Committee at the construction stage of the project when more accurate estimates are available, similar to the process used for pool projects. DMA could submit a capital budget request for the emergency medical suite.

The next item on the agenda was a request for supplemental funding from C-69.60 of Chapter 1, 2022 Acts of Assembly, Special Session I, for a standalone project. Mr. Maul explained that George Mason University (GMU) had requested \$11.4 million from the C-69.60 supplement pool for the Institute for Digital Innovation (IDIA) project. After some discussion, it was decided that the Department of Planning and Budget (DPB) would ask GMU if any of its public-private partnership commitments would be slowed down or the project otherwise negatively impacted if the Committee does not make a decision right away. DPB will also have a

discussion with GMU about its auxiliary fund balances, which have increased in recent years. Staff of Committee members will follow up with GMU together thereafter.

Mr. Coppa reported that a list of other supplement requests submitted by agencies for the C-69.60 supplement pool funding would be shared with the Committee and compared to the risk analysis projections that were shared at the previous meeting.

Mr. Coppa requested guidance regarding sharing cost increases for pool projects that occur between the capital budget request and schematic cost review stages with the Committee. Mr. Maul noted that in the past, there were not usually significant differences at this early stage of planning like is now occurring, but that significant increases were brought to the Committee when they became known. Mr. Maul suggested that all cost increases between the capital budget request and the schematic and preliminary cost review stages be brought to the Committee. Secretary Cummings also suggested the Committee begin to meet twice per quarter instead of once per quarter.

Next, Secretary Cummings moved that the committee move into closed session pursuant to Virginia Code § 2.2-3711(A)(6) for the purpose of discussing the investment of public funds where competition or bargaining will be involved, and where, if made public initially, the financial interest of the government would be adversely affected. Mr. Maul seconded the motion and it was so moved by the Committee. Upon returning from closed session, Secretary Cummings asked each member to certify, to the best of his or her knowledge, that only public business matters lawfully exempt from open meeting requirements under the Freedom of Information Act and only those public business matters identified in the motion convening the closed meeting were heard, discussed or considered in the closed meeting; each member so certified.

There being no further business, the meeting was adjourned.