



Department of General Services

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Chapter 2 Capital Outlay Funding Method

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Chapter 2 Overview

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- ❑ Enacted during 2008 Special Session 1

- ❑ Provides new method for funding capital projects in an incremental process from pooled funds in addition to fully funding individual projects

- ❑ Established the *Six-Year Capital Outlay Plan Advisory Committee* (6 PAC) to oversee the process

- ❑ DGS and DPB provide the staff support to implement this process



Process Flowchart

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Stand-Alone Projects

(§1 & §3 of the Chapter 1 Act)

- \$162.9 million VPBA
- \$368.8 million VCBA

**Normal
Process**

Pooled Bond Projects

(§2 & §4 of the Chapter 1 Act)

- \$274.4 million VPBA pool
- \$595.8 million VCBA pool

“Planning Only” Funds

Agencies submit **CO-2** for Planning Funds *

- 5% for renovation projects
- 4% for new construction projects

Agency develops either **Schematic** or **Preliminary** design and cost estimate as authorized by the CO-2 “action wording”

* The **CO-2** form is a standard form that initiates a project or modifies project funding.



Process Flowchart (continued)

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Schematic Review (Design approximately 15% complete)

- DGS:
- Reviews project design and agency's proposed budget
 - Meets with agency, if necessary, for clarification
 - Provides Cost Target to agency
 - Provides other related recommendations
(e.g. possible adjustments to project scope or design features)



Preliminary Review (Design approximately 35% complete)

- DGS:
- Reviews project and proposed cost
 - Meets with agency, if necessary
 - Develops staff budget recommendation
 - Determines acceptable Budget in consultation with DPB
(If project scope cannot be accomplished within Budget,
agency cost reductions are submitted and reviewed)



Budget Established for Construction



Cost Reduction Summary

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<input type="checkbox"/> Projects reviewed to date:	38
<input type="checkbox"/> Total budget requested:	\$740,011,889
<input type="checkbox"/> Total budget recommended:	\$660,151,968
	<hr/>
<input type="checkbox"/> Projected Savings:	\$ 79,859,921



Cost Review Process During Preliminary Design Phase

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- Cost Estimate analyzed

- Adjustments made to reflect actual market conditions for:
 - Unit prices
 - Quantities
 - General Conditions

- Final funding recommendation is made based on both Schematic and Preliminary analysis

- The result is that Project Budget and Project Design more closely reflect actual need



Cost Review Process during Design Phase

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- Cost of Design is reviewed for appropriateness:
 - Material Selections
 - Building Efficiency Ratio
 - Design Efficiency Ratio

- Cost Target is established based on:
 - Comparable Projects
 - *Virginia Building Construction Cost Database*
 - Cost Models from several National Cost Reference Standards: *RS Means, Marshall & Swift, D4COST, Tradeline*
 - Systems Level Cost Estimate

- Cost Saving / Value Engineering options explored



Tax Channel Building

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- \$17m Tax Processing Center
 - New Construction
 - 65,000 sf
 - 2220 West Broad Street

- Purchased Existing Building
 - 125,000 sf
 - Former Mail Processing Center
 - 800+ workstations