Recommendations and Policy Options: Capital Maintenance and Construction

RECOMMENDATION 1

The General Assembly may wish to consider including language and funding in the Appropriation Act to require facility condition assessments for state agencies and public higher education institutions that do not calculate a facility condition index value for their state-owned buildings but that have large square footage or older buildings, with facility condition index results reported to the Department of General Services to improve M-R FIX's building condition data. (Chapter 2)

RECOMMENDATION 2

The General Assembly may wish to consider including language and funding in the Appropriation Act for the Department of General Services to (1) establish a statewide contract that state agencies and public higher education institutions can use for facility condition assessment services; (2) establish guidelines describing how facility condition assessments should be conducted to ensure results are comparable across state agencies and public higher education institutions; and (3) develop a proposed long-term schedule and cost estimate for conducting facility condition assessments at state agencies and public higher education institutions on a rotating basis to be submitted to the chairs of the House Appropriations Committee and the Senate Finance and Appropriations Committee. (Chapter 2)

RECOMMENDATION 3

The General Assembly may wish to consider amending § 2.2-1517 of the Code of Virginia to (i) require state agencies and public higher education institutions with a large capital footprint (based on square footage) and/or high maintenance needs to submit a six-year capital improvement plan to 6PAC every two years and (ii) give 6PAC authority to request that additional agencies and public higher education institutions submit their capital improvement plans. These plans should detail needed maintenance reserve and capital outlay projects, estimated project costs, project priority levels, and proposed funding timelines. (Chapter 3)

RECOMMENDATION 4

The General Assembly may wish to consider amending § 2.2-1516 of the Code of Virginia to direct the Six-Year Capital Outlay Plan Advisory Committee to establish (i) a method for agencies and public higher education institutions to estimate the cost of their capital maintenance reserve project needs and (ii) a goal to fund a certain percentage of combined capital maintenance reserve project costs across state agencies and public higher education institutions through maintenance reserve appropriations each year. (Chapter 4)

RECOMMENDATION 5
The General Assembly may wish to consider including language in the Appropriation Act directing the Department of General Services to estimate the cost of the total combined capital maintenance reserve project needs across state agencies and public higher education institutions each year and report this to the Six-Year Capital Outlay Plan Advisory Committee and the chairs of the House Appropriations Committee and the Senate Finance and Appropriations Committee. (Chapter 4)

RECOMMENDATION 6
The General Assembly may wish to consider including language and funding in the Appropriation Act for the Department of General Services to hire a qualified consultant to audit the accuracy and completeness of M-R FIX data at least every five years and update the data as needed. (Chapter 4)

RECOMMENDATION 7
The Department of General Services should develop expected building systems lifespan benchmarks that more precisely approximate when each type of system will be beyond its useful life, including developing multiple benchmarks for system types that have varied lifespans. (Chapter 4)

RECOMMENDATION 8
The Department of General Services should exclude buildings that agencies and public higher education institutions have identified as underutilized and surplus buildings from the maintenance reserve shares calculations. (Chapter 4)

RECOMMENDATION 9
The Department of General Services should revise the methodology used to calculate the proportion of state maintenance reserve funding that state agencies and public higher education institutions receive to be based on the actual condition of state-owned buildings and systems, incorporating metrics such as the facility condition index into the methodology, once such information becomes available. (Chapter 4)

RECOMMENDATION 10
The Department of Planning and Budget (DPB) should require state agencies and public higher education institutions to include in their annual report on maintenance reserve spending (i) the reasons for unspent state maintenance reserve funding and (ii) the total amount of unspent state maintenance reserve funding obligated to in-progress maintenance reserve projects, including the project name and obligated amount for each project. (Chapter 4)

RECOMMENDATION 11

The Department of Planning and Budget should work with the Department of General Services to review the appropriateness of the state maintenance reserve funding cost parameters at least every three years and, through the budget development process, recommend updates to Appropriation Act language establishing the parameters, as needed, based on inflation and other factors affecting the cost of maintenance reserve projects. (Chapter 4)

RECOMMENDATION 12

The General Assembly may wish to consider amending §2.2-1132 of the Code of Virginia to direct the Department of General Services to (i) establish the qualifications individuals must have to manage capital outlay projects, including necessary training and demonstrated competence and (ii) develop and administer mandatory training and exams on key skills and Virginia capital outlay policies and processes for capital outlay project managers. (Chapter 5)

RECOMMENDATION 13

The General Assembly may wish to consider amending § 2.2-1132 of the Code of Virginia to require the Department of General Services (DGS) to: (i) develop criteria to identify complex and high-risk capital outlay projects that require specialized project management qualifications, considering factors such as project cost, complexity, and other characteristics (e.g., project type and location); and (ii) require DGS's Division of Construction Management to manage projects meeting the criteria when agencies or public higher education institutions are unable to assign project management to a qualified staff member or third-party contractor. (Chapter 5)

RECOMMENDATION 14

The General Assembly may wish to consider amending the Appropriation Act to require the Department of General Services and Department of Planning and Budget to coordinate to develop a single report summarizing the status of open capital outlay projects relative to their original deadlines and the timeliness of recently completed capital outlay projects. The report should be submitted to the chair of the Senate Finance and Appropriations Committee, chair of the House Appropriations Committee, and the Six-Year Capital Outlay Plan Advisory Committee. (Chapter 5)

RECOMMENDATION 15

The General Assembly may wish to consider amending § 2.2-1516 of the Code of Virginia to direct the Six-Year Capital Outlay Plan Advisory Committee to (i) establish criteria for what constitutes a "significantly delayed" capital outlay project, (ii) identify and review projects that meet the criteria each year, and (iii) request that state agencies and public higher education institutions develop and submit corrective action plans for projects that are significantly delayed without reasonable justification, when appropriate. (Chapter 5)

RECOMMENDATION 16
The Department of General Services should develop a goal for reviewing CO-2s within 21 calendar days and annually report the percentage of submissions meeting its goal to the Six-Year Capital Outlay Plan Advisory Committee. (Chapter 5)

RECOMMENDATION 17
The Department of General Services should develop a timeliness goal for completing budget/scope reviews within 21 calendar days and annually report the percentage of submissions meeting that goal to the Six-Year Capital Outlay Plan Advisory Committee. (Chapter 5)

RECOMMENDATION 18
The Department of Planning and Budget should develop a reasonable goal for reviewing CO-2s and annually report the percentage of submissions meeting its goal to the Six-Year Capital Outlay Plan Advisory Committee. (Chapter 5)

RECOMMENDATION 19
The Department of Planning and Budget, coordinating as necessary with the Department of General Services and State Council of Higher Education for Virginia, should coordinate with state agencies and public higher education institutions to ensure that capital budget requests related to the renovation or replacement of a building indicate (1) the condition of the building intended for renovation or replacement and (2) whether a project is part of the agency or institution's capital improvement plan. (Chapter 5)

RECOMMENDATION 20
The General Assembly may wish to consider including language in the Appropriation Act directing the Department of General Services, Department of Planning and Budget, and State Council of Higher Education for Virginia to annually (1) compile information on average building condition, average building utilization, status of all open capital outlay projects, and timeliness of previously completed capital outlay projects for each state agency and higher education entity, and (2) report this information by September each year to the chair of the Senate Finance and Appropriations Committee, chair of the House Appropriations Committee, and the Six-Year Capital Outlay Plan Advisory Committee. (Chapter 5)

Policy Options to Consider

JLARC staff typically make recommendations to address findings during reviews. Staff also sometimes propose policy options rather than recommendations. The three most common reasons staff propose policy options rather than recommendations are: (1) the action proposed is a policy judgment best made by the General Assembly or other elected officials, (2) the evidence indicates that addressing a report finding is not necessarily required, but doing so could be beneficial, or (3) there are multiple ways in which a report finding could be addressed and there is insufficient evidence of a single best way to address the finding.

POLICY OPTION 1

The General Assembly could include language and funding in the Appropriation Act to create a pilot program, administered by the Department of General Services (DGS), in consultation with the State Council of Higher Education for Virginia, to collect office space utilization data at several state agencies and public higher education institutions by (i) requiring a subset of state agencies and public higher education institutions to report office space utilization data to DGS; (ii) directing DGS to determine how office space utilization data could be incorporated into the state's capital outlay processes; and (iii) directing DGS to consider whether it would be feasible and useful to collect office space utilization data for all state agencies and public higher education institutions on an ongoing basis. (Chapter 2)