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Report Highlights

Review of Capital Project Cash Flow Requirements

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Key Observations

- The original intention of the Capital Outlay process was to move projects through three separate pools each session, allowing the General Assembly to stop a project, if desired. However, only being able to move to the next pool annually could cause delays and inaccurate construction estimates due to the passage of time and cost fluctuations.
- Capital projects experienced delays due to a lack of available planning funds in the Central Capital Planning Fund, which is only funded at \$15.1 million.
- The \$250 million issuance limit over Chapter 806 pool funded projects seems redundant. The Commonwealth already has a debt capacity limit which should drive the amount of debt issued each year for all capital projects rather than having a limit over one specific bond authorization.
- Planning and Budget does not appear to have the resources necessary to address its responsibilities timely related to the Central Capital Planning Fund and approval of CO-2 forms resulting in project delays.

Key Recommendations

- The General Assembly may wish to consolidate the three project pools (pre-planning, detailed planning, and construction) into two pools (planning and construction) to reduce the time it can take a project to move through the three phases and potentially result in costs savings through timelier project schedules.
- The General Assembly may wish to consider infusing additional funds into the Central Capital Planning Fund to prevent future delays in starting project planning because all planning funds are in use.
- The General Assembly may wish to consider eliminating the \$250 million dollar limit over Chapter 806 projects as it is redundant of the Commonwealth's debt capacity limit.
- Planning and Budget should consider options as to how they can accomplish all of their responsibilities timely. This could include expanding their budget staff permanently or temporarily during certain times of the year. In addition, Planning and Budget should consider establishing pre-determined time frames in which certain transactions or approvals will occur.

Why we did this review

Acts of Assembly Chapter 806 of the 2013 Session of the General Assembly stated, "the Auditor of Public Accounts shall report on the adherence to the cash flow requirements for each project and any deviation in necessary project appropriation and allotment, which creates a delay in the progress of the projects."

Scope

This report focused on the cash flow processes established around the Chapter 806 project pool. We included not only projects funded under item C-39.40, but also projects funded for pre-planning and detailed planning under item C-39.05, since the timing and availability of planning funds are significant to the entire pool process. The scope of this report included primarily reviewing project activity within fiscal year 2014. This will be an annual report, describing the progress of the Chapter 806 projects and any project delays that occur each year.

Chapter 806 Project Status

*73 projects total
26 projects not started
31 projects in planning
16 projects in construction*



See the full report at
www.apa.virginia.gov

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