A Plan with Options for the Development of 8th, 9th and Broad Streets

Submitted
to
The Chairmen of the Finance and Rules Committees of the Senate of Virginia and Rules Committees of the Virginia House of Delegates

December 2004

Executive Summary

The Capitol Square Preservation Act in part and as amended by the 2004 session of the General Assembly, required that the Governor:

> *"...prepare and release a plan to the Chairmen of the Senate Finance and Rules Committees and House Appropriations and Rules Committees, for the demolition of derelict buildings and the development of office and parking facilities on certain state-owned property bounded by 8th, 9th and Broad Streets in the City of Richmond, which shall provide detailed information on the feasibility of entering into public-private partnerships including a comprehensive agreement with a private entity, for the completion of such project pursuant to The Public-Private Education Facilities and Infrastructure Act of 2002...."*

This document is that plan required by the Act. The plan addresses:

- Options for demolition and development of derelict buildings on state-owned property bounded by 8th, 9th, and Broad Streets.
- Feasibility of entering into a Comprehensive Agreement under The Public-Private Education Facilities and Infrastructure Act of 2002.
- Building Assessments for 8th and 9th Street Office Buildings

The build vs. lease analysis documented in the plan will show that building new office space rather than leasing could potentially result in cost savings to the Commonwealth. Six development options are described in the plan; they are summarized on the following page of this Executive Summary.

The Plan describes the success of a Public-Private Partnership between the Commonwealth and Trammell Crow Company, a commercial developer with offices in McLean, Williamsburg, and Richmond, Virginia. This Partnership formed as a result of a competitive process, pursuant to the Public-Private Education Facilities and Infrastructure Act of 2002, for the renovation of the Finance and Washington Buildings located in Capitol Square. Outcomes of the partnership include a reduction in the costs to complete renovations, a resourceful plan for sequencing renovations that resulted in eliminating the need for costly leased space during the renovation period, and noteworthy small, women, and minority business participation.

Building condition assessments for the 8th and 9th Street Office buildings are documented in the plan. Necessary repairs to address life/safety, structural, mechanical and other building issues are identified. Included are costs to make the necessary repairs for each building and the office space utilization efficiencies that can be achieved after repairs. The analysis performed, as documented in this plan, concludes that it is potentially more costly and less efficient to make repairs to these two buildings than it is to build new office space.

	B	C	D	E	F	G
	8th, 9th, Broad St. Parking Only	8th, 9th, Broad St. Parking Only-Future Office	8th, 9th, Broad St. Parking & Office	Parking & Office 8th, 9th, Broad, Grace St. Block*	Parking & Office 8th, 9th, Broad, Grace St. Block Save historic features 9th St.*	Parking & Office 8th, 9th, Broad, Grace St. Block - Phased Construction
COST ($ millions)						
GF		$ 10.2	$ 60.9	$ 94.0	$ 101.6	$ 102.3
NGF	$ 16.0	$ 15.7	$ 15.5	$ 23.7	$ 17.1	$ 25.6
NASF Office Added		15,000	292,000	450,000	416,000	450,000
COMPARE Office						
20 Yr. Cost Office Leasing		$ 6.6	$ 123.7	$ 193.9	$ 179.2	$ 191.1
20 Yr. Total Debt Service & M/O & Rent Revenee (own)		$ 19.5	$ 146.9	$ 231.0	$ 237.7	$ 240.5
Difference		(12.9)	(23.2)	(37.1)	(58.5)	(49.4)
Asset/Salvage w/Parking Value 20 Yrs.		$ 25.0	$ 73.8	$ 113.7	$ 114.8	$ 121.2
Difference		$ 12.1	$ 50.6	$ 76.6	$ 56.3	$ 71.8
# Years to Amortize/Break Even			13.1	13.4	15.3	14.0
# Parking Spaces	650	315	315	620	315	620
20 Yr. Total Debt Service & M/O (parking)	$ 29.5	$ 28.9	$ 28.6	$ 42.1	$ 31.3	$ 45.3

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Background

Chapter 955 of the 2003 Acts of Assembly, the "Capitol Square Preservation Act of 2003" (Appendix A) authorized, among other capital projects, the Virginia Public Building Authority (VPBA) to finance the renovation and expansion of the Finance Building, and renovation of the Washington Building only after the Governor explored the feasibility of entering into a public-private partnership for completing these renovations pursuant to the Public-Private Education Facilities and Infrastructure Act of 2002 (PPEA). On December 1, 2003, the Governor delivered a plan (Appendix B) to the Chairman of the Senate Finance and the House Appropriations Committees that described completing renovations to the Finance and Washington Buildings under the PPEA process. In addition, the submitted plan documented the potential benefits to construct a new office building on the site where the 8th and 9th Street Office Buildings are currently located.

During the 2004 session of the General Assembly, the Capitol Square Preservation Act was amended (Appendix C) to include the following:

- Authorizes the Governor to implement the plan submitted on December 1, 2003; and,

- Directs the Governor to prepare and release a plan to the Chairmen of the Senate Finance and Rules Committees and House Appropriations and Rules Committees in December 2004, for the demolition of derelict buildings and the development of office and parking facilities on the property bounded by 8th, 9th and Broad Streets in the City of Richmond. The plan shall provide detailed information on the feasibility of entering into public-private partnerships including a Comprehensive Agreement (CA) with a private entity for the completion of such a project pursuant to the PPEA.

In May 2004, pursuant to the PPEA, the Commonwealth of Virginia Department of General Services (DGS) entered into a CA with Trammell Crow Company (TCC), the largest commercial developer in the country with offices in McLean, Williamsburg, and Richmond, Virginia. The CA scope of work included VPBA financing for the renovation and expansion of the Finance Building and renovation of the Washington Building. Contract management and administration for both projects are the responsibility of DGS.

Renovation work began on the Finance Building in June 2004. The following renovation work has been completed or is currently underway:

- Space planning for building tenants
- Complete interior asbestos abatement
- Exterior brick cleaning
- Brick re-pointing
- Restoration of original mosaic tile floors at selected areas
- Window restoration on the west, north and south elevations
- Grand stair and museum stair restoration
- Framing and pouring foundations for the addition

The Finance Building is scheduled for completion and tenant occupancy in August 2005. Tenants include the Virginia Department of Agriculture (VDACS), Compensation Board and the Lieutenant Governor's Office. The Finance Building project is on schedule and within budget.

Design work has begun on the Washington Building renovation project. The first noticeable signs of building renovation will be seen late summer 2005, with the movement of VDACS from the Washington Building to the Finance Building followed by demolition and reconstruction of each building floor. The Washington Building scope of work includes:

- Replace existing windows replicating original window style
- ADA compliant plumbing
- New HVAC and electrical infrastructure
- New life/safety and security systems

Renovations are scheduled to be complete and the building ready for occupancy prior to January 2007. The Washington Building project is on schedule and within budget.

The CA executed by DGS in May 2004, for the renovations to the Finance and Washington Buildings as authorized by the Capitol Square Preservation Act, included an option for the demolition of derelict buildings and the development of office and parking facilities on the property bounded by 8th, 9th and Broad Streets in the City of Richmond. This scope was included in the CA in response to the Capitol Square Preservation Act requirement to provide detailed information on the feasibility of developing this site as a public-private partnership under the PPEA. The 8th, 9th and Broad Streets CA scope of work is documented in two phases. The first phase is the demolition of the 8th Street Office Building. Demolition of the 8th Street Office Building has been authorized and funded in the "2004 Virginia Acts of Assembly, Special Session I: Chapter 4" Item C-3.10 (Appendix D). The second phase is for the development of a new office building with parking deck on the site. The **second phase has not been approved or funded.**

Discussion to Develop 8th, 9th and Broad Streets

State Agencies Occupying Leased Office Space:

In July 2004, Wallace Roberts & Todd, LLC & Carter Goble Associates, Inc., prepared a Master Plan for the Seat of Government that included information on state agencies currently in privately owned leased space and that need to be located in office space proximate to Capitol Square whether in state-owned or leased office space, the Net Assignable Square Feet (NASF) leased, and annual lease cost. Agencies identified in the Master Plan include:

Agency Name
Department of Business Assistance
Department of Social Services - Central Office
Department of Social Services - District Office
Department of Social Services - Child Enforcement
Department of Taxation - Central Office
Department of Taxation - Processing & Customer Service
Department of Environmental Quality - Central Office
Department for the Aging
Department for the Deaf and Hard-of Hearing
Department of Rehabilitative Services
Department of Medical Assistant Services
Department of Juvenile Justice
Department of Rail and Public Transportation
VITA Central Office
VITA Operations Center
Department of Corrections - Central Regional Office
Department of Emergency Management
Department of Health Professions
Department of Historic Resources
Department of Professional and Occupational Regulation
Public Defender Commission
Virginia Board of Bar Examiners
Virginia Economic Development Partnership
Virginia State Bar Association
Department of Fire Programs
Motor Vehicle Dealer Board
Department of Housing and Community Development

Table 1

In aggregate, the NASF leased by these agencies documented in the Master Plan Report is approximately 1,026,736, the average cost per square foot is $15.67, the average NASF per employee is approximately 259 and the total lease space annual cost is approximately $16,089,824 per year. See Table 2.

Lease Summary Data	
Aggregate NASF Leased	1,026,736
Cost per Square Foot	$15.67
NASF per Employee	259
Annual Lease Payments	$16,089,824

Table 2

Costs to Develop 8th, 9th and Broad Streets:

Working with TCC, DGS has developed cost information for the **demolition** of derelict buildings and the **development** of office and parking facilities on the 8th, 9th and Broad Streets site in Richmond, Virginia. This work includes due diligence assessments of the conditions and economic construction feasibility of renovating the existing state-owned buildings on this site (See Appendices E and F). Building assessment information is presented in this plan as part of the feasibility study required by the Capitol Square Preservation Act of 2003, as amended in 2004. TCC provided the following cost information that includes the demolition of the 8th and 9th Street Office Buildings and the construction of a new office building on the site with a 620 space parking deck. The costs in Table 3 are inclusive of hard and soft costs, contingencies and fees.

8th, 9th and Broad Street Demolition and Development Costs	
Demolition and New Office Building	$93,954,712
Parking Deck	$23,678,564
Total	$117,633,276

Table 3

8th, 9th and Broad Streets demolition and development detail:

- Demolition of the 8th and 9th Street Office Buildings.
- Construction of a 788,308 gross square foot (GSF) office building with parking deck.
    - Parking Deck - approximately 260,742 GSF providing for 620 parking spaces.
    - Building - approximately 527,566 GSF with 449,723 NASF.
    - Retail space is planned for 1st floor of building fronting Broad Street and consisting of 15,259 NASF.
    - Net NASF available to state agencies is approximately **434,464 NASF**.
- Demolition and construction could begin as early as late summer 2005.
- Building with parking will be ready for tenant occupancy in June 2008.

Feasibility to Develop 8th, 9th and Broad Streets:

Three fundamental considerations are addressed to assess the feasibility of proceeding with development of the 8th, 9th and Broads Streets site. They are:

- 20 Year Build vs. Lease Cost Analysis
- Agency Operational Benefits (security, proximity, city, parking, public-private use facility)
- DGS and TCC Public-Private Partnership

20 Year Build vs. Lease Cost Analysis:

The analysis indicates that it is potentially economically beneficial for the Commonwealth to develop 8th, 9th and Broad Streets rather than leasing an equivalent amount of office space. For example, if the Commonwealth were to build a new 449,723 NASF office building rather than leasing comparable space from the private sector, the cost benefit to build vs. lease over a 20 year period of time is approximately $78.3M (see Table 4) given certain assumptions. This analysis considers the asset value of a new office building after 20 years.

Develop 8th, 9th and Broad Streets		**Status Quo – Continue to Lease**
Demolition and New Office Building	$93,954,712	
Parking Deck	$23,678,564	
M&O New Building	$80,866,874	
M&O Parking Deck	$3,302,850	
Debt Service Demolition and New Building (Interest)	$60,041,351	**$193,845,487***
Debt Service Parking Facility (Interest)	$15,131,683	
Parking Fund Revenue	($42,113,097)	
Retail Revenue	($5,594,087)	
Asset Value	($113,691,050)	
Total	**$115,577,800**	

Table 4

* Assuming all leased space is brought in-line with contemporary practice of 210 NASF per employee. If leased space is not brought in-line with contemporary practice, lease cost could amount to $239.1M based on the average NASF per employee rate documented in Table 2.

Table Definitions:

Demolition and New Office Building: Includes all hard and soft costs to demolish the 8th and 9th Street Office Buildings and construction of a new 449,723 NASF office building.

Parking Deck: Includes all hard and soft costs to construct a 620 space parking deck within the perimeter of the new office building.

M&O New Building: Cost has been determined from historical data to maintain and operate a building of similar size and location for a new office building.

M&O Parking Deck: Cost has been determined from historical data to maintain and operate a parking deck of similar size and location for a new deck.

Debt Service Demolition and Building: The debt service cost on the capital funding for the "Demolition" and "Office Building" components of development, amortized over 20 years at a rate of 5.25%.

Debt Service Parking Facility: The debt service cost on the capital funding for the "Parking Deck" component of the development, amortized over 20 years at a rate of 5.25%.

Parking Fund Revenue: Revenue from the DGS special revenue parking fund collected from parking customers over 20 year period.

Retail Revenue: Revenue generated from the lease of 15,259 NASF of retail space made available to the private sector.

Asset Value: Estimated value of the asset at the end of 20 years, less any capital improvements required during the 20 year period.

Status Quo – Continue to Lease: Computed using the $15.67 NASF average lease rate from Table 2, with an inflation factor of 2.4% (CPI-U 10 year average) over a 20-year period.

Agency Operational Benefits:

There are operational efficiencies inherent in locating state agencies to Capitol Square in state owned and operated facilities. These efficiencies include:

- Proximity to other state agencies
- Proximity to General Assembly and Capitol Buildings
- Availability of state services (mail, telecommunications, IT network)
- Increased safety and security services (Capitol Police presence, building and parking security access controls)
- Assumption that expense to Commonwealth for buildings constructed with public proceeds are more efficient than uncertain/changing/fluctuating market costs for private sector leased space

DGS and TCC Public-Private Partnership:

Seven months ago DGS and TCC entered into a CA solidifying their public-private partnership and to begin renovation, restoration, expansion, and development of certain facilities and properties owned and operated by the Commonwealth. In this short timeframe, this partnership has resulted in project successes that deserve recognition. To begin, in the 2003 Virginia Acts of Assembly – Chapter 1042, the original budget for renovations to the Finance and Washington Buildings totaled $44,666,000. The DGS/TCC team reevaluated the specific structural and program needs of each renovation project and through adjustment in scope reduced the total amount to complete both projects by $2,623,000. The partnership promoted the integration of public sector capital outlay planning and private sector ingenuity to form a blended construction

management strategic planning thinking process. As a result, the partnership was able to compress the project duration for each renovation project by better than six months. That means the Commonwealth would have use of these buildings sooner. A shorter project schedule translates into lower project costs and third party leasing expenses. Another outcome resulted in cost avoidance to the Commonwealth of approximately $2.5 million by not having to locate and provide "swing" space for VDACS when the Washington Building undergoes its renovation. Rather, DGS and TCC reengineered renovation timelines to move VDACS into the Finance Building, upon completing its renovation and expansion, prior to beginning the Washington Building renovation project.

Also, as a result of focused attention on Small, Women and Minority ("SWAM") vendors that are able to participate in subcontracting opportunities, this partnership is achieving a high level of SWAM participation. Soon after the CA was signed, DGS and TCC partnered to host a SWAM vendor conference to inform SWAM vendors and the entire vendor community of subcontracting opportunities. As of the date of this plan, SWAM participation is approximately 48%.

Benefits of keeping the DGS and TCC partnership intact for development of the 8th, 9th and Broad Streets site include cost and timeline efficiencies that can be leveraged from executing a development agreement under the current DGS/TCC CA and the fact that the construction team is already mobilized at Capitol Square. As stated previously, the CA that DGS and TCC are working under for the Finance and Washington Building renovation projects also includes the option for development of the 8th, 9th and Broad Streets site. Pursuant to the terms of the existing CA, TCC has agreed to undertake, at no cost to the Commonwealth, certain preliminary architectural, engineering, design and demolition planning for the 8th, 9th and Broad Streets site. This undertaking by TCC is consistent with the fundamental purposes of the PPEA, and has enabled the Commonwealth to continue to explore alternatives for the 8th, 9th, and Broad Streets site without financial risk to the Commonwealth. TCC has completed site surveys, conceptualized design options, formed design and construction teaming partners, and has prepared an estimated development budget. TCC's advanced planning and having a PPEA CA in place between DGS and TCC, could enable the project to begin immediately upon approval by the Governor and General Assembly to proceed. The alternative, once approval is granted to develop the site, would be to proceed via the conventional capital outlay process extending the time when site work could begin. If approval from the Governor and General Assembly is received to develop the site, starting as quickly as possible under the current CA could be less costly than proceeding via the conventional capital outlay process.

The feasibility to develop the 8th, 9th and Broad Streets site is supported by a build vs. lease cost analysis, more efficient agency operations and a successful public-private partnership as documented by the preceding discussion. Determining a scope of work that makes the best site development business case requires consideration of more than just one development option. Each option has been evaluated based on the fundamental assumption that building a new office building vs. leasing is economically more cost advantageous to the Commonwealth over a 20 year period and beyond. Options documented in this plan range from not developing the site to the construction of a new office building with parking. In addition, this plan presents information on renovating the 8th and 9th Street Office Buildings under the section titled

"Building Assessments for 8th and 9th Street Office Buildings" and a detailed assessment of each building can be found in Appendices E and F.

Options addressed in the following pages include:

Option	Option Title	Option Description
A	8th Street Demolition – No Further Development of the Site	The 8th Street Office Building is razed as currently authorized by the "2004 Virginia Acts of Assembly, Special Session I: Chapter 4" Item C-3.10 (Appendix D). No new construction at the site. The Commonwealth is left with an undeveloped tract of land.
B	New Parking Deck	The 8th Street Office Building is razed and a new 650 space parking deck is constructed.
C	Build New Parking Deck with Option of Future Expansion of Office Space	The 8th Street Office Building is razed, 15K NASF of office space and a 315 space parking deck is constructed. The facility will be designed and engineered to allow for future vertical construction.
D	New Office Space Fronting Broad Street with Parking	The 8th Street Office Building is razed, 292K NASF of office space and a 315 space parking deck is constructed along Broad Street between 8th and 9th Streets.
E	New Office Space Fronting Broad and 9th Streets with Parking	The 8th and 9th Street Office Buildings are razed, 449K NASF of office space and a 620 space parking deck is constructed along Broad Street between 8th and 9th Streets and south on 9th Street.
F	New Office Space Fronting Broad and 9th Streets with Parking and Preserve the 9th Street Office Building Façade and Lobby.	The 8th Street Office Building is razed and the 9th Street Office Building is renovated, 416K NASF of office space is constructed/renovated and a 315 space parking deck is built along Broad Street between 8th and 9th Streets and south on 9th Street. The Façade and Lobby of the 9th Street Office Building will be preserved.
G	New Office Space Fronting Broad and 9th Streets with Parking – Phased Construction	The 8th and 9th Street Office Buildings are razed, 449K NASF of office space and a 620 space parking deck is constructed along Broad Street between 8th and 9th Streets and south on 9th Street. Construction would be performed in phases. Phase I - raze the 8th Street Office Building and construct a new office building with parking in the footprint of the 8th Street Office Building and the empty lot at the corner of 9th and Broad Streets. Phase 2 – raze the 9th Street Office Building and construct new office space with parking connected to the phase I construction.

Development Options for 8th, 9th and Broad Streets

Option A: 8th Street Office Demolition – No Further Development of the Site

Office Space & Parking	Option A
Office Space - 20 year cost to build, finance, maintain and operate	N/A
Parking - 20 year cost to build, finance, maintain and operate	N/A
Total Cost	N/A
Assets Collected Owned After 20 Years	
Retail Space - Lease revenue collected by Commonwealth	N/A
Parking – Parking revenue collected by Commonwealth	N/A
Office Space/Parking salvage value at 20 years	N/A
Total Assets	N/A
20 year cost of Ownership (TC-TA)	N/A
20 year cost to lease NASF in Richmond, VA	N/A
20 Year Cost Avoidance to Build vs. Lease	N/A

Table 5

Plan: The 8th Street Office Building will be vacated in summer 2005. Agencies in the 8th Street Office Building will be relocated to the 9th Street Office Building or to the renovated Old State Library. Proceed with demolition of the 8th Street Office Building as currently authorized by "2004 Virginia Acts of Assembly, Special Session I: Chapter 4" Item C-3.10 (Appendix D) in the summer 2005. Continue to operate the 9th Street Office Building.

Benefits:

- Unsafe building (8th Street Office Building) is no longer an issue for general public that walk near it or conduct business inside it.

Issues:

- Empty lot fronting Broad Street.
- No opportunity to move agencies currently in leased space closer to Capital Square as suggested by the Capitol Square Master Plan.
- No additional parking.
- Maintenance and operation issues with the 9th Street Office Building must be addressed and will be costly.
- 9th Street Office Building will continue to be inefficient at better than 310 NASF per employee.
- 9th Street Office Building life/safety issues are not addressed.

Option B: New Parking Deck

- 650 Space Parking Deck

Office Space & Parking	Option B
Office Space - 20 year cost to build, finance, maintain and operate	N/A
Parking - 20 year cost to demo the 8th Street Office Building, build, finance, maintain and operate new parking deck	$29.5M
Total Cost	**$29.5M**
Assets Collected Owned After 20 Years	
Retail Space - Lease revenue collected by Commonwealth	N/A
Parking – Parking revenue collected by Commonwealth	$29.5M
Office Space/Parking salvage value at 20 years	$15.4M
Total Assets	**$43.3M**
20 year cost of Ownership (TC-TA)	($15.4M)
20 year cost to lease NASF in Richmond, VA	N/A
20 Year Cost Avoidance to Build vs. Lease	N/A

Table 6

Plan: The 8th Street Office Building will be vacated in the summer 2005. Agencies in the 8th Street Office Building will be relocated to the 9th Street Office Building or to the renovated Old State Library. Proceed with demolition of the 8th Street Office Building as currently authorized by "2004 Virginia Acts of Assembly, Special Session I: Chapter 4" Item C-3.10 (Appendix D) in the summer 2005. Build a 650 space parking deck in the footprint of where the 8th Street Office Building stood and the empty lot at the corner of 9th and Broad Streets, fronting Broad Street. Parking deck would be ready for use in December 2006. Continue to operate the 9th Street Office Building.

Benefits:

- Secure parking adjacent to the GAB.
- Adds additional parking to west side of Capitol Square where there currently exists a parking space deficit for state employees.

Issues:

- No opportunity to move agencies currently in leased space closer to Capital Square as suggested by the Capitol Square Master Plan.
- Maintenance and operation issues with the 9th Street Office Building must be addressed and will be costly.
- 9th Street Office Building will continue to be inefficient at better than 310 NASF per employee.
- 9th Street Office Building life/safety issues are not addressed.

Option C: Build New Parking Deck with Option of Future Expansion of Office Space

- 15,259 NASF with 315 parking spaces

Office Space & Parking	Option C
Office Space - 20 year cost to demo the 8th Street Office Building, build, finance, maintain and operate new building	$19.4M
Parking - 20 year cost to build, finance, maintain and operate	$28.9M
Total Cost (TC)	**$48.3M**
Assets Collected Owned After 20 Years	
Retail Space - Lease revenue collected by Commonwealth	N/A
Parking – Parking revenue collected by Commonwealth	$28.9M
Office Space/Parking salvage value at 20 years	$24.9M
Total Assets (TA)	**$53.8M**
20 year cost of Ownership (TC-TA)	($5.5M)
20 year cost to lease 15,259 NASF in Richmond, VA	$6.6M
20 Year Cost Avoidance to Build vs. Lease	**$12.1M**

Table 7

Plan: The 8th Street Office Building will be vacated in the summer 2005. Agencies in the 8th Street Office Building will be relocated to the 9th Street Office Building or to the renovated Old State Library. Proceed with demolition of the 8th Street Office Building as currently authorized by "2004 Virginia Acts of Assembly, Special Session I: Chapter 4" Item C-3.10 (Appendix D) in summer 2005. Build a 315 space parking deck in the footprint of where the 8th Street Office Building stood, fronting Broad Street. There will be two levels of parking underground. At street level fronting Broad Street, 15,259 NASF of office space will be built on top of the underground parking structure with three additional parking levels constructed above of the office space level. Office space will be utilized by state agencies. Structure will be engineered to enable future vertical development of the building at a later date. Parking deck and office space would be available for use in June 2007. Continue to operate the 9th Street Office Building.

Benefits:

- Secure parking adjacent to the GAB.
- Structure engineered to allow for vertical expansion capability at a future date.
- Office space can be used by state agencies in leased space or as retail space.

Issues:

- More costly to expand site in the future.
- Lose partial use of parking deck and office space during future vertical expansion project.
- Maintenance and operation issues with the 9th Street Office Building must be addressed and will be costly.
- 9th Street Office Building will continue to be inefficient at better than 310 NASF per employee. 9th Street Office Building life/safety issues are not addressed.

Option D: New Office Space Fronting Broad Street with Parking

- 292,378 NASF with 315 parking spaces

Office Space & Parking	Option D
Office Space - 20 year cost to demo the 8th Street Office Building, build, finance, maintain and operate new building	$152.3M
Parking - 20 year cost to build, finance, maintain and operate	$28.6M
Total Cost (TC)	**$180.9M**
Assets Collected/Owned After 20 Years	
Retail Space 15,259 NASF- Lease revenue collected	$5.6M
Parking – Parking revenue collected by Commonwealth	$28.6M
Office Space/Parking salvage value at 20 years	$73.7M
Total Assets (TA)	**$107.9M**
20 year cost of Ownership (TC-TA)	$73.M
20 year cost to lease comparable 277,119 NASF in Richmond, VA	$123.6M
20 Year Cost Avoidance to Build vs. Lease	**$50.6M**

Table 8

Plan: The 8th Street Office Building will be vacated in the summer 2005. Agencies in the 8th Street Office Building will be relocated to the 9th Street Office Building or to the renovated Old State Library. Proceed with demolition of the 8th Street Office Building as currently authorized by "2004 Virginia Acts of Assembly, Special Session I: Chapter 4" Item C-3.10 (Appendix D) in summer 2005. Build a 292,378 NASF office building with a 315 space parking deck in the footprint of where the 8th Street Office Building stood, fronting Broad Street. First floor space will be planned for retail space consisting of approximately 15,259 NASF. The remaining 277,119 NASF will be available to state agencies currently in leased space. Office building and parking will be complete and ready for use in January 2008. Continue to operate the 9th Street Office Building.

Benefits:

- New state owned and operated office space designed to the Commonwealth's space standard of 210 NASF will be available to state agencies currently in leased space.
- Secure parking adjacent to the GAB.
- Providing retail space to private concerns interested in conducting business along Broad Street.

Issues:

- Does not maximize building efficiencies that could be achieved from development of both the 8th and 9th street sites.
- Maintenance and operation issues with the 9th Street Office Building must be addressed and will be costly.
- 9th Street Office Building will continue to be inefficient at better than 310 NASF per employee.

- **Option E:** New Office Space Fronting Broad and 9th Streets with Parking

  - 449,723 NASF with 620 parking spaces

Office Space & Parking	Option E
Office Space - 20 year cost to demo the 8th Street and 9th Street Office Buildings, build, finance, maintain and operate new building	$234.9M
Parking - 20 year cost to build, finance, maintain and operate	$42.1M
Swing space for 9th Street Building Occupants (temporary lease space)	$1.7M
Total Cost (TC)	**$278.7M**
Assets Collected/Owned After 20 Years	
Retail Space 15,259 NASF - Lease revenue collected	$5.6M
Parking – Parking revenue collected by Commonwealth	$42.1M
Office Space/Parking salvage value at 20 years	$113.7M
Total Assets (TA)	**$161.4M**
20 year cost to Build and Operate (TC-TA)	$117.3M
20 year cost to lease 434,464 NASF in Richmond, VA	$193.9M
20 Year Cost Avoidance Build vs. Lease	**$76.6M**

Table 9

Plan: The 8th and 9th Street Office Buildings will be vacated in the summer 2005, agencies occupying the 8th and 9th Street Office Buildings will move to temporary leased space (approximately 18 months) or to the newly renovated Old State Library. In early fall 2005, the 8th and 9th Street Office Buildings will be demolished and construction of a new office building and parking deck will begin. The newly renovated Washington Building will be complete and ready for occupants in December 2006. This will enable agencies that moved into temporary leased space to move into the Washington Building prior to January 2007. The new office building that will front Broad and 9th Streets will be complete and ready for occupancy in June 2008. At that time, 434,464 NASF of state owned and operated office space will be made available to state agencies. Specific agencies to take occupancy in the new office building cannot be definitively identified at this time; those listed in Table 1 may be considered as candidates. 15,259 NASF will be made available to develop as retail space.

Benefits:

- Maximize 20 year cost avoidance from moving state agencies out of expensive lease space into new office space designed to the Commonwealth's 210 NASF per employee.
- Secure parking adjacent to GAB.
- Retail space along Broad Street.

Issues:

- Funding needed for 9th Street Building occupants to be temporarily located in leased space while new building and parking deck is under construction. Included in cost analysis.

Option F: New Office Space Fronting Broad and 9th Streets with Parking and Preserve the 9th Street Office Building Façade and Lobby

- 416,874 NASF with 315 parking spaces

Office Space & Parking	Option F
Office Space - 20 year cost demo the 8th and 9th (partially) office buildings, build, finance, maintain and operate new building	$241.5M
Parking – 20 year cost to build, finance, maintain and operate	$31.3M
Swing space for 9th Street Building Occupants (temporary lease space)	$1.7M
Total Cost (TC)	**$274.5M**
Assets Collected/Owned After 20 Years	
Retail Space 15,259 NASF - Lease revenue collected	$5.6M
Parking – Parking revenue collected by Commonwealth	$31.3M
Office Space/Parking salvage value at 20 years	$114.7M
Total Assets (TA)	**$151.6M**
20 year cost to Build and Operate (TC-TA)	$122.9M
20 year cost to lease 401,615 NASF in Richmond, VA	$179.2M
20 Year Cost Avoidance Build vs. Lease	**$56.3M**

Table 10

Plan: The 8th and 9th Street Office Buildings will be vacated in the summer 2005. Agencies occupying the 8th and 9th Street Office Buildings will move to temporary leased space (approximately 18 months) or to the newly renovated Old State Library. In early fall 2005, the 8th and 9th Street Office Buildings will be demolished and construction of a new office building and parking deck will begin in the fall 2005. The newly renovated Washington Building will be complete and ready for occupants in December 2006. This will enable agencies that moved into temporary leased space to move into the Washington Building in January 2007. The new office building that will front Broad and 9th Streets will be complete and ready for occupancy in January 2008. At that time, 401,615 NASF of state owned and operated office space will be made available to state agencies (those listed at the beginning of this plan) in leased space. Specific agencies that will take occupancy in the new office building cannot be definitively identified at this time; those listed in Table 1 may be considered as candidates. 15,259 NASF will be made available to develop as retail space.

Benefits:

- Additional state owned and operated office space would be available to state agencies occupying privately owned leased space
- Secure parking adjacent to the GAB.
- Preservation of 9th Street Office Building façade and lobby

Issues:

- Lose 32,849 NASF and 305 parking spaces due to lobby preservation.

- Funding needed for 9th Street Building occupants to temporarily locate to leased space during construction. Included in cost analysis.
- 9th Street Office Building remains an inefficient building at better than 310 NASF per employee.

Option G: New Office Space Fronting Broad and 9th Streets with Parking – Phased Construction.

- 449,723 NASF with 620 parking spaces

Office Space & Parking	Option G
Office Space – 20 year cost to build, finance, maintain and operate	$246M
Parking - 20 year cost to build, finance, maintain and operate	$45.3M
Total Cost (TC)	**$291.3M**
Assets Collected/Owned After 20 Years	
Retail Space 15,259 NASF- Lease revenue collected	$5.6M
Parking – Parking revenue collected by Commonwealth	$45.3M
Office Space/Parking salvage value at 20 years	$121.2M
Total Assets (TA)	**$172.1M**
20 year cost to Build and Operate (TC-TA)	$119.2M
20 year cost to lease comparable NASF in Richmond, VA	$191M
20 Year Cost Avoidance Build vs. Lease	**$71.8M**

Table 11

Plan: The 8th Street Office Building will be vacated in the summer 2005. Agencies currently in the 8th Street Office Building will be relocated to the 9th Street Office Building or to the renovated Old State Library. The first phase includes the demolition of the 8th Street Office Building in the summer of 2005, followed by the construction of 292,378 NASF office building with 315 space parking deck fronting Broad Street. Construction of the first phase will begin in the fall 2005, and will be complete in December 2007. In January 2007, 9th Street Office Building tenants will move to the newly renovated Washington Building. This move will make way for demolition of the 9th Street Office Building in spring 2007. Construction of phase two will begin in the summer of 2007, and be complete in April 2009. Phase two construction includes an additional 147,519 NASF and 305 parking spaces fronting 9th Street.

Benefits:

- Additional state owned and operated office space would be available to state agencies occupying privately owned leased space.
- Secure parking adjacent to the GAB.
- Swing space would not be needed for 9th street agencies

Issues:

- Does not maximize build vs. lease cost avoidance opportunity.
- Longer construction time. More expensive to build.

Options Summary:

Option	20 Year Cost Avoidance to Build vs. Lease	Total NASF Office Space	Total Parking	Construction Time (years)
A	N/A	N/A	N/A	N/A
B	N/A	N/A	650	1.5
C	$12.1M	15,259	315	2
D	$50.6M	292,378	315	2.5
E	$76.6M	449,723	620	3
F	$56.3M	416,874	315	2.5
G	$71.8	292,378 – '07 &'08 449,723 – '09 beyond	315 – '07 & '08 620 – '09 beyond	4.5

Table 12

Design Add Alternates

"Add alternate" design schemes have been considered during the preparation of this feasibility study. Two are security related; they involve making a connection via a bridge or tunnel from the new building to the GAB. This would allow individuals who park their vehicle in the new secure parking facility to stay in a secure environment from the time of exiting their vehicle to entering the GAB. Costs for these two options are:

- Bridge Connector: $1,100,000
- Tunnel Connector: $2,500,000

Another "add alternate" is to design and construct a building that meets standards of the Leadership in Energy and Environmental Design (LEED) Green Building Rating system. LEED provides a complete framework for assessing building performance and meeting sustainability goals that emphasize water savings, energy efficiency, materials selection and indoor environmental quality. Energy performance and environmental impact is a fundamental design and construction consideration for any new construction project. LEED certification distinguishes building projects that have demonstrated a commitment to sustainability by meeting the highest energy efficiency and environmental performance standards. To take any of the proposed construction projects through LEED certification beginning with design, construction, and operation, can increase costs of a construction project. Efficiencies over time may result in a payback of the LEED design, construction and certification costs. It is estimated that any of the proposed office building construction options could include LEED design, construction and operation to become LEED certified at an estimated cost of $500,000.

A final "add alternate" considered would be to recreate the existing 9th Street Office Building lobby in a new office building. Working with staff from the Department of Historic Resources, certain features of the 9th Street Office Building would be saved and used in the final design and construction of the new office building. The added cost for this work is estimated to be $1,137,000.

Building Assessments for 8th and 9th Street Office Buildings

The 8th and 9th Street Buildings have fallen into poor condition due to age and the limitation of their original construction. The Commonwealth currently spends hundreds of thousands of dollars to keep these building operating safely. Mechanical and HVAC systems are outdated and inefficient, life/safety issues exist, and space utilization will never attain the efficiencies of contemporary practice. More specifically:

8th Street Office Building:

The 8th Street Office building is approximately 126,933 gross square feet with 86,690 NASF. The building is in need of repairs to address life/safety, structural and mechanical system issues for it to continue in operation as a state owned and operated office building. Specific repairs are documented in Appendix E. The cost of making the identified repairs is estimated at $34,981,721 or $403 per NASF. To build a new office building and parking deck is approximately $261 per NASF. Therefore, it would cost the Commonwealth 54% more per NASF to repair the 8th Street Office Building than to build new office space.

In addition, the 8th Street Office Building floor plate cannot be renovated to achieve the most efficient NASF per employee. Currently the 8th Street Office Building's space utilization per employee is approximately 328 NASF and if identified repairs were to be made this value would not improve. A new office building will be designed to achieve 210 NASF resulting in a 56% more efficient use of office space than an 8th Street Office Building renovation could achieve.

	Cost Per NASF	NASF per Employee
8th Street Office Building Repairs	$403	328
New Building with Parking	$261	210
Build Efficiency vs. Repairs	**54%**	**56%**

9th Street Office Building:

The 9th Street Office Building is approximately 183,167 gross square feet at 124,496 NASF. The building is in need of repairs to address life/safety, structural and mechanical system issues for it to continue in operation as a state owned and operated office building. Specific repairs are documented in Appendix F. The cost of making the identified repairs

is estimated at $36,514,935 or $293 per NASF. To build a new office building with parking deck at the site of the 9th Street Office Building would cost approximately $262 per NASF. Therefore, it would cost the Commonwealth 11% more per NASF to make necessary repairs to the 8th Street Office Building than to build new office space.

In addition, the 9th Street Office Building floor plate cannot be configured to achieve 210 NASF per employee. Currently the 9th Street Office Building's space utilization per employee is 313 NASF. If identified repairs were to be made to the 9th Street Office Building, this value would not improve. A new office building will be designed to achieve 210 NASF resulting in a 46% more efficient use of office space than 9th Street Office Building could ever achieve.

	Cost Per NASF	NASF per Employee
9th Street Office Building Repairs	$293	313
New Building with Parking	$262	210
Build Efficiency vs. Repairs	**11%**	**46%**

Financing

TCC's conceptual proposal to renovate the Finance and Washington Buildings included a 501(C)3 financing option. The Commonwealth evaluated the TCC financing model against financing available through the Virginia Public Building Authority (VPBA) and determined that VPBA financing was more favorable to the Commonwealth. Various payment terms (monthly, quarterly, and lump sum) were considered to determine the most cost effective option for the Commonwealth. A monthly payment schedule was the only payment term that avoided costly interest charges incurred by the developer to float the cost of construction over extended time periods. Therefore, the Commonwealth determined that financing the Finance Building and Washington Building renovations was most cost effective through the VPBA on a monthly payment schedule.

The financing model in the DGS/TCC CA for the Finance and Washington Buildings can be replicated or modified/amended should the Commonwealth approve proceeding with one of the identified development options. If feasibility studies proved acceptable, Commonwealth debt financing could be used for the parking or office building portion of the project (either or both). Whatever financing model is approved, an appropriate addendum to the CA terms and conditions could be made.

Conclusion

The Capitol Square Preservation Act, as amended by the General Assembly in 2004, required that a plan be prepared and released to the Chairmen of the Senate Finance and Rules Committees and House Appropriations and Rules Committees for

"...the demolition of derelict buildings and the development of office and parking facilities on certain state-owned property bounded by 8th, 9th and Broad Streets in the City of Richmond..."

The preparation and delivery of this document to the Chairmen in December 2004, represents that plan required by the Act. Four fundamental considerations are addressed in this plan to assess the feasibility of developing the 8th, 9th and Broad Streets property:

- 20-Year Build vs. Lease Cost Analysis
- Agency Operational Benefits (security, proximity, city, parking, public-private use facility)
- DGS and TCC Public-Private Partnership
- 8th and 9th Street Office Building Assessments

The 20-year build vs. lease cost analysis documented in this plan shows that given certain assumptions it could be more cost beneficial to the Commonwealth to build new office space than to lease comparable office space over a 20 year period. Specifically this plan documents a scope of work to raze the 8th and 9th Street Office Buildings and build a new office building with 449,723 NASF and a 620 space parking deck vs. the cost to lease comparable office space. The potential cost avoidance under this scenario over a 20-year period of time to build rather than lease would be approximately $78.3M, considering the asset value at the end of 20 years. There are alternatives to the described scenario, some of which have been identified in this plan as options. The basic assumption underlying this analysis is the fact that it is less costly for the Commonwealth to build vs. lease office space over the long-term.

Agencies moving from leased space to state owned and operated space adjacent to Capitol Square could realize operational efficiencies. Security for agency facilities and employees within and adjacent to Capitol Square would be enhanced by the presence of the Capitol Police and integrated security monitoring and facility access systems. State operated parking facilities with access controls and monitoring by security personnel would be more secure than public lots used by agencies in leased space. Proximity to the Capitol, General Assembly Building, and other state agencies would be another benefit agencies could recognize by relocating to Capitol Square. Agency staff would be closer to facilities where they conduct business throughout the year, decreasing the amount of time they spend traveling between their offices and Capitol Square state offices and facilities. Information Technology (IT) efficiencies would be achieved by connecting to the Capitol Square campus network and telecommunication backbone. In general, relocating closer to state services available to state agencies at Capitol Square could improve agency operational efficiencies.

Moving forward with development of the 8th, 9th and Broad Streets under the PPEA process could result in the most cost efficient means to undertake a development project. The DGS and TCC partnership under the PPEA Comprehensive Agreement (CA) for completing renovations to the Finance and Washington Buildings has resulted in successes that are commendable. Collaborative pursuit of cost efficient and effective solutions to accomplish these renovations has resulted in millions of dollars in cost avoidance to the Commonwealth. Through the first six months of this partnership small, women, and minority participation represents approximately

48% of the work performed under the agreement. TCC has conducted preliminary surveys of the 8th, 9th and Broad Streets site, performed cursory engineering and architectural planning, and has provided development costs and timelines for a new office building that could be more favorable to the Commonwealth than leasing comparable space over a period of 20 years. The DGS and TCC public-private partnership model is a proven example of how public and private entities can be successful and achieve mutually beneficial outcomes. Should development of the 8th, 9th and Broad Streets site be authorized, it is expected that the DGS and TCC partnership could continue to achieve successful outcomes.

The 8th and 9th Street Office buildings are in disrepair. The Commonwealth has spent hundreds of thousands of dollars maintaining these inefficient and non-code compliant buildings. Recent assessments of each building have identified structural, life/safety, non-ADA compliant, and other problems with these buildings that should be addressed if they are to continue to be used as state office buildings (see Appendices E and F). To make identified repairs is costly. Space utilization efficiencies cannot be brought in-line with contemporary practice because of the inefficient floor plate layouts of these buildings. If the identified repairs are not made to these buildings in the near-term, it is doubtful that these buildings can continue to remain in operation as state office buildings. Should the Commonwealth decide to fund these repairs, these buildings will continue to be among the most costly and inefficient office buildings the state maintains and operates.

Appendix A

CHAPTER 955

An Act to provide for the financing by the Virginia Public Building Authority of certain projects providing for the construction and improvement of certain buildings that were originally built or constructed before 1950 and are located within the boundaries of Capitol Square, Richmond: the Capitol Square Preservation Act of 2003.

[H 2804]

Approved March 24, 2003

Be it enacted by the General Assembly of Virginia:

1. *§ 1. Title. This act shall be known and may be cited as the "Capitol Square Preservation Act of 2003."*

§ 2. Pursuant to § 2.2-2264 of the Code of Virginia, the General Assembly hereby authorizes the Virginia Public Building Authority to undertake the construction and improvement of the following projects including, without limitation, constructing, improving, maintaining, and renovating buildings, facilities, improvements, and land therefor; and to exercise any and all powers granted to it by law in connection therewith, including the power to finance all or any portion of the cost thereof by the issuance of revenue bonds in a principal amount not to exceed $118,570,000 plus amounts needed to fund issuance costs, reserve funds, original issue discount, interest prior to and during construction or renovation and for one year after completion thereof, and other financing expenses.

Agency	Project Description	Amount
Dept. of General Services	Renovate Capitol Building	$54,492,000
	Construct new northern entrance for Capitol Building	13,528,000
	Renovate Old State Library to accommodate temporary closure of the Capitol Building	3,848,000
Subtotal		$71,868,000
Dept. of General Services	Construct and improve Capitol Square utilities	$2,036,000
Dept. of General Services	Renovate and expand Old Finance Building	$31,520,000
Dept. of General Services	Renovate Washington Building	$13,146,000
GRAND TOTAL		$118,570,000

§ 3. The Virginia Public Building Authority is also authorized to exercise any and all powers granted to it by law in connection therewith, including the power to finance the cost thereof by the issuance of revenue bonds not to exceed the principal amount set forth plus amounts needed to fund issuance costs, reserve funds, original issue discount, interest prior to or during improvement and for up to one year after completion of the improvement, and other financing expenses.

§ 4. Notwithstanding the foregoing, the Virginia Public Building Authority shall not take any action in regard to the renovations of the Old Finance Building and Washington Building projects included in § 2, including the issuance of bonds, that will financially obligate the Commonwealth except as provided in this section.

The Governor shall prepare and release a plan to the Chairmen of the Senate Finance Committee and House Appropriations Committee on or before December 1, 2003, providing alternatives to the issuance of bonds for completing the renovations included in § 2 for the Old Finance Building and Washington Building projects. Such alternatives shall include detailed information on the feasibility of entering into public-private partnerships for completing such renovations, including, but not limited to, entering into a comprehensive agreement with a private entity for the completion of such renovations pursuant to The Public-Private Education Facilities and Infrastructure Act of 2002

(§ 56-575.1 et seq. of the Code of Virginia). In addition, the plan shall identify the proposed tenants of each of the Old Finance and Washington Buildings, respectively, who will be occupying office space in such buildings immediately after completion of such renovations. In no case shall any action be taken that will financially obligate the Commonwealth, except costs incidental to the preparation and release of such plan, in regard to the renovations of the Old Finance Building and Washington Building projects included in § 2 prior to March 31, 2004.

The Department of General Services shall provide written notice to the Virginia Public Building Authority no sooner than March 31, 2004, identifying the renovations, and the expected costs thereof, for the renovations included in § 2 for the Old Finance Building and Washington Building projects that will be undertaken and completed by entities other than the Authority (in accordance with the Governor's plan provided herein), including, but not limited to, renovations to be completed pursuant to a comprehensive agreement with a private entity under the provisions of The Public-Private Education Facilities and Infrastructure Act of 2002. Upon receipt of such notice, the Virginia Public Building Authority shall undertake and complete, and may issue bonds to finance, the costs of all other renovations for the Old Finance Building and Washington Building projects included in § 2.

The provisions of this act authorizing the Virginia Public Building Authority to issue bonds for the renovations for the Old Finance Building and Washington Building projects included in § 2 are conditioned upon the Governor preparing and releasing the plan described in this section by December 1, 2003, to the Chairmen of the Senate Finance Committee and House Appropriations Committee. If such plan is not released to the Chairmen by such date, the Virginia Public Building Authority shall not issue any bonds under this act for the renovations for the Old Finance Building and Washington Building projects included in § 2.

2. That the Joint Rules Committee with the assistance of the Secretary of Administration shall prepare and release a plan to the Chairmen of the Senate Finance Committee and House Appropriations Committee on or before December 1, 2003, to fund the acquisition of fixtures and furnishings for the Capitol Building renovation project (included in the Capitol Square Preservation Act of 2003) through private donations or other means of fundraising. The estimated cost of these fixtures and furnishings is $5,972,000. Any funds raised from private donations or other fundraising for purposes of acquiring fixtures and furnishings for the Capitol Building renovation project may be used for such purposes by the Department of General Services after December 31, 2003.

Appendix B

A Plan for Completing Renovations to the Old Finance Building and Washington Building

Submitted
to
The Chairman of the Senate Finance and House Appropriation Committee

December 1, 2003

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Background:

Item C-1.30, of Chapter 1042, the Budget Bill (Attachment 1), and Chapter 955 of the 2003 Acts of Assembly, the "Capitol Square Preservation Act of 2003" (Attachment 2) authorizes financing by the Virginia Public Building Authority (VPBA) for specific construction and improvement of certain buildings within the boundaries of Capitol Square. Specifically, the projects authorized by the Act are:

Renovate Capitol Building	$54,492,000
Construct new northern entrance for Capitol Building	$13,528,000
Renovate Old State Library to accommodate temporary closure of the Capitol Building	$3,848,000
Construct and improve Capitol Square utilities	$2,036,000
Renovate and expand Old Finance Building	$31,520,000
Renovate Washington Building	$13,146,000

The Capitol Building, Entrance for the Capitol Building, Old State Library, and Capitol Square Utilities are currently in varying design, and renovation phases. A building committee composed of the Secretary of Administration, Clerks of each house of the General Assembly, the Director of the Department of General Services, and the Director of Engineering and Buildings and a subcommittee of the Joint Rules Committee are providing oversight for those projects. The issues involved with those projects are not addressed in this plan.

The Act also authorizes the VPBA to undertake the construction and improvement of the Old Finance and Washington Buildings, but stipulates certain actions that must occur before the VPBA may issue bonds to finance these projects, they are:

- The preparation and presentation of a plan by the Governor for the Chairman of the Senate Finance Committee and the House Appropriations Committee on or before December 1, 2003, providing alternatives to the issuance of bonds for completing the Old Finance and Washington Buildings renovations
- Information on the feasibility of entering into public-private partnerships for completing renovations to the Old Finance and Washington Buildings.
- Identify the proposed tenants that will occupy the Old Finance and Washington Buildings upon completion of their renovations.
- Department of General Services (DGS) to provide written notice to the VPBA, no sooner than March 31, 2004, describing the scope of work and costs associated with renovations to the Finance and Washington Buildings by entities other than the VPBA.

This plan, satisfies the requirement of the first bullet, and is intended to satisfy each of the other stipulated actions. The feasibility of a public-private partnership to complete renovations to the Old Finance and Washington Buildings has been explored under the provisions of the Public-Private Education and Facilities Infrastructure Act 2002 (PPEA) and PPEA model procedures will be discussed as part of this plan. Included in this plan are tenant recommendations for both buildings. Also, this plan serves as written notice to VPBA of the scope of work and costs associated with completing the renovations.

Public-Private Education Facilities and Infrastructure Act 2002 (PPEA) Requirements:

The PPEA (Attachment 3) sets forth the provisions that both a public and private entity must comply with when considering a public-private partnership PPEA project. Certain provisions include:

- Declaration of public purpose
- Approval of qualifying projects by the responsible public entity
- Dedication of public property
- Comprehensive agreement
- Material default, remedies
- Exemption from certain Procurement Act requirements

Also, the PPEA required the development of a set of "**model procedures**" (Attachment 4) to be followed by both the responsible public entity and private entity pursing a PPEA project. The Commonwealth developed, and the Governor approved, a single set of procedures which are to be followed by state agencies and institutions. Procedures are available electronically on the Secretary of Administration's web-site at:
http://www.administration.virginia.gov/Services/Vendors/PPEIA.cfm

The model procedures provide, in more detail than the Act, requirements that must be complied with by both a public entity and private entity to consider solicited or unsolicited proposals in accordance with provisions of the Act.

Receipt of Unsolicited Proposals to Complete Renovations:

In February 2003, DGS received two unsolicited proposals to renovate existing and construct new buildings in and around the Capitol Square area. These two unsolicited proposals were submitted by two separate private firms in accordance with the PPEA and PPEA model procedures.

DGS made a decision to accept the two received proposals for PPEA conceptual stage (Part I) consideration, and in March 2003 posted public notice of its decision. In response to the public notice, four additional unsolicited proposals were submitted to DGS. Of the six unsolicited proposals received, five were selected for review in accordance with the PPEA model procedures conceptual stage process. One firm withdrew its proposal prior to initiation of the conceptual stage review.

The conceptual stage review was conducted by representatives from the offices of Secretary of Finance and Administration, and the Departments of Treasury, Planning and Budget, Historic Resources, and DGS. After a series of meetings in the months of May and June 2003, the review committee concluded that a single proposal offered the least cost and shortest renovation completion timeline than the others submitted. The committee, through the DGS Director,

recommended to the Secretary of Administration and Secretary of Finance that the firm who submitted the selected proposal move to the PPEA model procedures detailed stage (Part II) process. In July 2003, the Secretary of Administration and Secretary of Finance concurred with this recommendation. The firm that submitted the selected proposal is Trammell Crow Company (TCC), one of the largest diversified commercial real estate services companies in the world. They are currently the largest commercial developer in the country and have offices in McLean. Williamsburg, and Richmond, Virginia.

In July 2003, DGS notified TCC to begin preparing its detailed proposal in accordance with the PPEA model procedures. Beginning in July 2003, DGS and TCC began meeting weekly to discuss the TCC detailed proposal focusing on its scope of work, tenant occupancy, cost and renovation timeline related to each proposed project.

TCC included two renovation projects and one construction project in its proposal. They include:

- Renovate and provide an addition to the Old Finance Building
- Renovate the Washington Building
- Raze the 8th and 9th Street Office Buildings and construct a new state office building with a parking garage along Broad Street between 8th and 9th Streets (Broad Street Development)

In November 2003, TCC solidified its scope of work, cost and timeline for each project, and provided this information to DGS.

Summary of Renovations and Improvements:

The Old Finance Building built in the 1890's will be completely renovated, and as part of the renovation a new addition would be built on the East side of the original building. The Old Finance Building scope of work includes:

- Demolishing all interior materials and systems except for recently replaced slate roof, mosaic floor in lobby, central and terrace to mezzanine ornamental stairs and west side windows
- Demolishing and replacing the brick walks around the Old Finance Building in the Capitol Square grounds
- Landscape the renovated site
- Exterior restoration including basic repairs and cleaning of masonry and terra cotta work
- Re-pointing, or removing and replacing brick where necessary
- Resurfacing and cleaning of existing central stair and terrace to mezzanine marble stair treads
- Dismantling, cleaning and refinishing of existing rails at the central stair and terrace to mezzanine stair
- Waterproofing the existing building foundation
- Re-roofing and abating the wing and low roof areas

- Restoring the west façade windows and semi-replicating the remainder of the building windows
- Grinding and cleaning mosaic floor tile in lobby areas of each floor
- ADA compliant plumbing
- Two new cooling chillers and towers
- A complete new fire protection system
- Security systems including card reader access and closed circuit video

Old Finance Building Addition scope of work includes:

- Demolishing the existing building in the footprint of the new addition
- Relocating existing utility tunnel in the basement of the existing Old Finance Building
- Architectural Precast wall systems for new addition exterior façade except window areas. Precast facade will mimic jointing and texture of the Old Finance Building existing granite base
- The building structure is comprised of structural steel, composite metal deck with concrete fill
- New thermally efficient aluminum framed windows and curtain wall to complement (but not replicate) window on the Old Finance Building
- ADA compliant plumbing
- A complete fire protection system
- Security systems including card reader access and closed circuit video

The Washington Building scope of work includes:

- Demolishing all interior materials and systems except for interior perimeter plaster wall, lobby cores on each floor, structural systems, recently replaced parapet, marble floor in lobby and west side staircase
- Demolishing and replacing the brick walks around the Washington Building in the Capitol Square grounds
- Refurbishing the fountain in front of the Washington building
- Wood base and chair rail throughout the main corridors
- New roof and ladder at the new east stair being added to the building
- Replacing all existing windows replicating current window style
- Existing first floor lobby ceiling is to remain and be protected throughout renovation
- Carpet and paint at the corridors and new paint in elevator lobbies
- ADA compliant plumbing
- New HVAC equipment setting, hook-ups, start-up and testing
- A complete new fire protection system
- New fire detection and alarm
- Security systems including card reader access and closed circuit video

The proposed development of a new state office building along Broad Street contemplated two phases. First, the 8th Street Office Building would be razed and replaced with a new building and parking garage traversing the Broad Street frontage. The second phase would include razing the

9th Street Office Building and replacing it with a new building. Total gross square feet of new office space at completion of both phases would be approximately 443,000 square feet, with a parking facility that could park an estimated 600 vehicles, and connection to the General Assembly Building. The Broad Street Development scope of work included:

- Demolishing 8th and 9th Street Buildings
- Building a new concrete structural frame building and parking garage
- HAZMAT removal
- Storefront office/retail space facing Broad Street
- Primary entrances at 8th, 9th, and Broad Streets
- Stone floor main lobbies
- Caret core corridors
- Loading dock
- ADA compliant plumbing
- New HVAC equipment
- A complete new fire protection system
- New fire detection and alarm
- Security systems including card reader access and closed circuit video

Renovation renderings for each building can be found in Attachment 5.

Financing:

The TCC conceptual proposal included financing the renovation projects through a 501(C) 3 corporation by issuing tax-exempt bonds, then entering into an operational lease with the Commonwealth for a period of time sufficient to retire the corporation's bond debt. Analysis by the review committee determined that such a financing model would not be the most cost-advantageous to the Commonwealth.

In addition to evaluating the TCC 501(C) 3 financing approach, DGS and TCC explored several other financing strategies. These included monthly and quarterly progress payments, or a single lump sum payment at completion of renovations. All but the monthly progress payments resulted in increased project costs to the Commonwealth. The monthly progressive payment financing option eliminated pass through interest costs at TCC's cost of financing.

Therefore, the committee concluded that monthly progress payments financed through the VPBA, subject to the VPBA short-term financing rate, provided the most favorable financing option.

Timeline to Complete Renovations:

Through the detailed stage of the PPEA process, the delivery timeline for the Old Finance and Washington Buildings did not change from what TCC had originally included in its conceptual proposal. However, the Broad Street Development timeline shortened. This was a result of

master planning activities by DGS to resolve office space and parking needs around the Capitol Square area.

Completion timeline for the three projects:

- Old Finance Building – August '05
- Washington Building – December '06
- 8th/9th Street Demolition and Construction – December '06/May '07/August '08

See Attachment 6 for a more detailed timeline.

Proposed Tenants:

Currently the Old Finance Building is unoccupied. When renovations to the Old Finance Building and construction of a new addition are complete, 73,699 square feet of new usable office space will be available within the Capitol Square boundaries. Washington Building renovations will net approximately 106,206 square feet of available office space. Development of Broad Street would result in approximately 400,000 of new office space.

Building	Approximate Total Available Office Space
Old Finance with Addition	73,699
Washington	106,206
New 8th/9th Street	400,000

The Virginia Department of Agriculture and Consumer Services (VDACS) occupies approximately 63,810 square feet of office space in the Washington Building, as computed using state office space assignment standards. VDACS will need to vacate the Washington Building when it undergoes renovation. To provide VDACS with sufficient office space upon vacating the Washington Building, one of two options were considered:

- Swing space could be leased from private property owners in the Richmond area
- VDACS could move into the newly renovated Old Finance Building

The second option is the most favorable for the Commonwealth. It avoids the need to lease privately owned office space for a short period of time and costly renovations to leased space to meet VDACS needs. Also, if VDACS were to temporarily lease private space for the duration of the Washington Building renovations, it would need to make and pay for two agency moves within approximately 24 months. Moving VDACS to the Old Finance Building requires one move. TCC space planners have worked with VDACS to determine programming for the new building. It has been determined that renovations planned for the Old Finance Building will meet the design and square footage needs of VDACS.

VDACS space needs will not require all of the available useable office space in the Old Finance Building. There is sufficient space to locate additional state work units within the Building.

Therefore, the Lt. Governor's Office will be programmed into the Building. Also, the DGS, Bureau of Facilities Management section responsible for Capital Square grounds maintenance will locate its offices and storage needs on the ground floor of the addition.

Old Finance Building with Addition: Tenants and Space Needs	
State Activity	**Required Usable Square Feet of Office Space**
VDACS	67,139
Lt. Governor's Office	3,142
DGS Capitol Square Maintenance Office	3,418
Total Square Feet Needed	73,699
Total Usable Square Feet Available	73,699

Renovations to the Washington Building will result in approximately 106,206 square feet of usable office space. Numerous options for relocating state agencies from leased space exist and include the following examples. It is premature to make a final decision on permanent Washington Building tenants due to the on going master plan efforts and decisions being made involving improvements to other facilities in the Seat of Government. Some tenant mix options that will be considered include:

Option 1: Washington Building Tenants	
State Activity	**Required Usable Square Feet of Office Space**
Department of Juvenile Justice	42,000
Professional Occupational Regulation	46,000
Department of Employee Dispute Resolution	7,100
Total Square Feet Needed	95,100
Total Usable Square Feet Available	106,206

Option 2 Washington Building Tenants	
State Activity	**Required Usable Square Feet of Office Space**
DGS – Division of Engineering and Buildings	12,000
Department of Criminal Justice Services	37,000
Professional Occupational Regulation	46,000
Department of Employee Dispute Resolution	7,100
Total Square Feet Needed	102,100
Total Usable Square Feet Available	106,206

Option 3: Washington Building Tenants	
State Activity	**Required Usable Square Feet of Office Space**
Department of Medical Assistance Services	83,000
Public Defender	19,000
Total Square Feet Needed	102,000
Total Usable Square Feet Available	106,206

There currently exists no authority to move forward with development of the 8th and 9th Streets. Therefore, speculating on possible tenants to occupy a new 8th and 9th Street Office building is not practical.

Conclusion:

Item C-1.30, of Chapter 1042, the Budget Bill, and Chapter 955 of the 2003 Acts of Assembly, the "Capitol Square Preservation Act of 2003" authorizes financing by the VPBA for renovations to the Old Finance Building and Washington Building. The feasibility of entering into a public-private partnership for completion of these renovations has been evaluated from the review of five unsolicited proposals submitted to DGS under the provisions of the PPEA and PPEA model procedures. As part of the PPEA review process, project scope, timeline, costs and tenants for each building have been solidified.

Chapter 1042 and Chapter 955 authorized an amount of $44,666,000 to complete renovations to the Old Finance and Washington Buildings. Investigating the feasibility of entering into a public-private partnership using the PPEA and PPEA model procedures has resulted in renovation costs of $42,043,000. This $2,623,000 reduction, will result in a reduction to the funding authorization necessary to complete those renovations.

Current Funding Authorization	Public-Private Partnership Renovation Cost	Amount of Authorization Reduction
$44,666,000	$42,043,000	$2,623,000

Private financing alternatives were considered to finance the renovation costs. They included financing through a 501(C) 3 corporation, and having the developer (TCC) finance the costs. In has been concluded that financing these projects through the VPBA will result in lower interest costs than that available from the private financing alternatives. It is therefore recommended that the VPBA finance these projects.

This plan identifies employees of VDAC as the tenants that will move into the Old Finance Building when renovations are complete. For the Washington Building three tenant options are presented. It is premature to make a final decision on permanent Washington Building tenants at this time due to on going Capitol Square master plan efforts and decisions being made involving improvements to other facilities in the Capitol Square area.

The renovation timeline for completion of the Old Finance Building is July '05. Washington Building renovations will be complete in December '06. In addition to the completion of these renovations, the Old State Library and Capitol will have undergone renovation prior to January '07. The outcome of these renovation projects will be four newly renovated historic buildings within the Capitol Square area where state government and citizens of the Commonwealth will conduct business and for visitors to the Commonwealth for the Jamestown 400th anniversary celebration to see.

In addition to receiving proposals for renovating the Old Finance and Washington Buildings, TCC proposed demolition of the existing 8th and 9th Street Buildings and construction of a new state office building in their place.

Neither Chapter 1042 nor Chapter 955 authorizes funding for the Broad Street project. Therefore, moving forward with demolition and construction of this site at this time cannot be recommended as part of this plan. However, potential benefits to the Commonwealth would be realized should such a project be approved:

- moving state agencies from privately leased space to state owned and operated space
- additional parking spaces for legislators and staff, and state employees working on the West side of Capitol Square
- resolving costly and recurring maintenance problems of the existing buildings
- resolving life safety issues of the existing buildings

An option to consider though is to authorize continued planning for development of Broad Street, enabling detailed plans and specifications to be prepared for submission and consideration by the legislature during the 2005 session.

Department of General Services (194)

1.30.	Improvements: Renovate Capitol Square (16881)	0	124,542,000
Fund Sources:	Dedicated Special Revenue	0	5,972,000
	Bond Proceeds	0	118,570,000

A. Pursuant to §2.2-2264 of the Code of Virginia, the General Assembly hereby authorizes the Virginia Public Building Authority to undertake the construction, improvement, and furnishing of the following projects including, but not limited to, constructing, improving, furnishing, maintaining, and renovating buildings, facilities, improvements and land therefore; and to exercise any and all powers granted to it by law in connection therewith, including the power to finance all or any portion of the cost thereof by the issuance of revenue bonds in a principal amount not to exceed $118,570,000 plus amounts needed to fund issuance costs, reserve funds, original issue discount, interest prior to and during construction or renovation and for one year after completion thereof, and other financing expenses.

Project Description	Amount
Renovate Capitol Building	$54,492,000
Construct new northern entrance for Capitol	$13,528,000
Renovate the Old State Library to accommodate temporary closure of the Capitol	$3,848,000
Subtotal	**$71,868,000**
Construct and improve Capitol Square utilities	$2,036,000
Renovate and expand the Old Finance Building	$31,520,000
Renovate Washington Building	$13,146,000
GRAND TOTAL	**$118,570,000**

B. The Virginia Public Building Authority is also authorized to exercise any and all powers granted to it by law in connection therewith, including the power to finance the cost thereof by the issuance of revenue bonds not to exceed the principal amount set forth plus amounts needed to fund issuance costs, reserve funds, original issue discount, interest prior to or during improvement and for up to one year after completion of the improvement, and other financing expenses.

C.1. Notwithstanding the foregoing, the Virginia Public Building Authority shall not take any action in regard to the renovation of the Old Finance Building, and renovation of the Washington Building projects included in paragraph A, including the issuance of bonds, that will financially obligate the Commonwealth except as provided in this Item.

2. The Governor shall prepare and release a plan to the chairmen of the Senate Finance Committee and House Appropriations Committee on or before December 1, 2003, providing alternatives to the issuance of bonds for completing the renovations included in paragraph A. for the Finance Building and Washington Building projects. Such alternatives shall include detailed information on the feasibility of entering into public-private partnerships for completing such renovations, including, but not limited to, entering into a comprehensive agreement with a private entity for the completion of such renovations pursuant to The Public-Private Education Facilities and Infrastructure Act of 2002 (§ 56-575.1 et seq. of the Code of Virginia). In addition, the plan shall identify the proposed tenants of each of the Finance and Washington Buildings, respectively, who will be occupying office space in such buildings immediately after completion of such renovations. In no case shall any action be taken that will financially obligate the Commonwealth, in regard to the renovation of the Old Finance Building, and renovation of the Washington Building projects included in paragraph A, except costs incidental to the preparation of plans therefor, prior to March 31, 2004.

3. The Department of General Services shall provide written notice to the Virginia Public Building Authority no sooner than March 31, 2004, identifying the renovations, and the expected costs thereof, for the renovations included in paragraph A for the Finance Building and Washington Building projects that will be undertaken and completed by entities other than the Authority (in accordance with the Governor's plan provided herein), including, but not limited to, renovations to be completed pursuant to a comprehensive agreement with a private entity under the provisions of The Public-Private Education Facilities and Infrastructure Act of 2002. Upon receipt of such notice, the Virginia Public Building Authority shall undertake and complete, and may issue bonds to finance, the costs of all other renovations for the Finance Building and Washington Building projects included in paragraph A.

4. The Joint Rules Committee with the assistance of the Secretary of Administration shall prepare and release a plan to the chairmen of the Senate Finance Committee and House Appropriations Committee on or before December 1, 2003, to fund the acquisition of fixtures and furnishings for the Capitol Building project included in paragraph A, through private donations or other means of fund-raising. The estimated cost of these fixtures and furnishings is $5,972,000.

D. Any funds raised from private donations or other fund-raising for purposes of acquiring fixtures and furnishings for the Capitol Building project may be used for such purposes by the Department of General Services after December 31, 2003.

CHAPTER 955

An Act to provide for the financing by the Virginia Public Building Authority of certain projects providing for the construction and improvement of certain buildings that were originally built or constructed before 1950 and are located within the boundaries of Capitol Square, Richmond; the Capitol Square Preservation Act of 2003.

[H 2804]

Approved March 24, 2003

Be it enacted by the General Assembly of Virginia:

1. *§ 1. Title. This act shall be known and may be cited as the "Capitol Square Preservation Act of 2003."*

§ 2. Pursuant to § 2.2-2264 of the Code of Virginia, the General Assembly hereby authorizes the Virginia Public Building Authority to undertake the construction and improvement of the following projects including, without limitation, constructing, improving, maintaining, and renovating buildings, facilities, improvements, and land therefor; and to exercise any and all powers granted to it by law in connection therewith, including the power to finance all or any portion of the cost thereof by the issuance of revenue bonds in a principal amount not to exceed $118,570,000 plus amounts needed to fund issuance costs, reserve funds, original issue discount, interest prior to and during construction or renovation and for one year after completion thereof, and other financing expenses.

Agency	Project Description	Amount
Dept. of General Services	Renovate Capitol Building	$54,492,000
	Construct new northern entrance for Capitol Building	13,528,000
	Renovate Old State Library to accommodate temporary closure of the Capitol Building	3,848,000
Subtotal		$71,868,000
Dept. of General Services	Construct and improve Capitol Square utilities	$2,036,000
Dept. of General Services	Renovate and expand Old Finance Building	$31,520,000
Dept. of General Services	Renovate Washington Building	$13,146,000
GRAND TOTAL		$118,570,000

§ 3. The Virginia Public Building Authority is also authorized to exercise any and all powers granted to it by law in connection therewith, including the power to finance the cost thereof by the issuance of revenue bonds not to exceed the principal amount set forth plus amounts needed to fund issuance costs, reserve funds, original issue discount, interest prior to or during improvement and for up to one year after completion of the improvement, and other financing expenses.

§ 4. Notwithstanding the foregoing, the Virginia Public Building Authority shall not take any action in regard to the renovations of the Old

Finance Building and Washington Building projects included in § 2, including the issuance of bonds, that will financially obligate the Commonwealth except as provided in this section.

The Governor shall prepare and release a plan to the Chairmen of the Senate Finance Committee and House Appropriations Committee on or before December 1, 2003, providing alternatives to the issuance of bonds for completing the renovations included in § 2 for the Old Finance Building and Washington Building projects. Such alternatives shall include detailed information on the feasibility of entering into public-private partnerships for completing such renovations, including, but not limited to, entering into a comprehensive agreement with a private entity for the completion of such renovations pursuant to The Public-Private Education Facilities and Infrastructure Act of 2002 (§ 56-575.1 et seq. of the Code of Virginia). In addition, the plan shall identify the proposed tenants of each of the Old Finance and Washington Buildings, respectively, who will be occupying office space in such buildings immediately after completion of such renovations. In no case shall any action be taken that will financially obligate the Commonwealth, except costs incidental to the preparation and release of such plan, in regard to the renovations of the Old Finance Building and Washington Building projects included in § 2 prior to March 31, 2004.

The Department of General Services shall provide written notice to the Virginia Public Building Authority no sooner than March 31, 2004, identifying the renovations, and the expected costs thereof, for the renovations included in § 2 for the Old Finance Building and Washington Building projects that will be undertaken and completed by entities other than the Authority (in accordance with the Governor's plan provided herein), including, but not limited to, renovations to be completed pursuant to a comprehensive agreement with a private entity under the provisions of The Public-Private Education Facilities and Infrastructure Act of 2002. Upon receipt of such notice, the Virginia Public Building Authority shall undertake and complete, and may issue bonds to finance, the costs of all other renovations for the Old Finance Building and Washington Building projects included in § 2.

The provisions of this act authorizing the Virginia Public Building Authority to issue bonds for the renovations for the Old Finance Building and Washington Building projects included in § 2 are conditioned upon the Governor preparing and releasing the plan described in this section by December 1, 2003, to the Chairmen of the Senate Finance Committee and House Appropriations Committee. If such plan is not released to the Chairmen by such date, the Virginia Public Building Authority shall not issue any bonds under this act for the renovations for the Old Finance Building and Washington Building projects included in § 2.

2. That the Joint Rules Committee with the assistance of the Secretary of Administration shall prepare and release a plan to the Chairmen of the Senate Finance Committee and House Appropriations Committee on or before December 1, 2003, to fund the acquisition of fixtures and furnishings for the Capitol Building renovation project (included in the Capitol Square Preservation Act of 2003) through private donations or other means of fundraising. The estimated cost of these fixtures and furnishings is $5,972,000. Any funds raised from private donations or other fundraising for purposes of acquiring fixtures and furnishings for the Capitol Building renovation project may be used for such purposes by the Department of General Services after December 31, 2003.

Legislative Information System

CHAPTER 22.1.

THE PUBLIC-PRIVATE EDUCATION FACILITIES AND INFRASTRUCTURE ACT OF 2002.

§ 56-575.1. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Affected local jurisdiction" means any county, city or town in which all or a portion of a qualifying project is located.

"Commission" means the State Corporation Commission.

"Comprehensive agreement" means the comprehensive agreement between the operator and the responsible public entity required by § 56-575.9.

"Lease payment" means any form of payment, including a land lease, by a public entity to the operator for the use of a qualifying project.

"Material default" means any default by the operator in the performance of its duties under subsection E of § 56-575.8 that jeopardizes adequate service to the public from a qualifying project.

"Operator" means the private or other non-governmental entity that is responsible for any and all of the stages of a qualifying project, or a portion thereof, including (i) acquisition, (ii) design, (iii) construction, (iv) improvement, (v) renovation, (vi) expansion, (vii) equipping, (viii) maintenance and (ix) operation.

"Private entity" means any natural person, corporation, limited liability company, partnership, joint venture or other private business entity.

"Public entity" means the Commonwealth and any agency or authority thereof, any county, city or town and any other political subdivision of the Commonwealth or any regional entity that serves a public purpose.

"Qualifying project" means (i) any education facility, including, but not limited to a school building, any functionally related and subordinate facility and land to a school building (including any stadium or other facility primarily used for school events), and any depreciable property provided for use in a school facility that is operated as part of the public school system or as an institution of higher education; (ii) any building or facility for principal use by any public entity; (iii) any improvements, together with equipment, necessary to enhance public safety and security of buildings to be principally used by a public entity; (iv) utility and telecommunications and other communications infrastructure; or (v) a recreational facility.

"Responsible public entity" means a public entity that has the power to acquire, design, construct, improve, renovate, expand, equip, maintain, or operate the applicable qualifying project.

"Revenues" means user fees, lease payments, or other service payments generated by a qualifying project.

"Service contract" means a contract entered into between a public entity and the operator pursuant to § 56-575.5.

"Service payments" means payments to the operator of a qualifying project pursuant to a service contract.

"State" means the Commonwealth of Virginia.

"User fees" mean the rates, fees or other charges imposed by the operator of a qualifying project for use of all or a portion of such qualifying project pursuant to the comprehensive agreement pursuant to § 56-575.9.

§ 56-575.2. Declaration of public purpose.

A. The General Assembly finds that:

1. There is a public need for timely acquisition, design, construction, improvement, renovation, expansion, equipping, maintenance, or operation of education facilities and other public infrastructure and government facilities within the Commonwealth that serve a public need and purpose;

2. Such public need may not be wholly satisfied by existing methods of procurement in which qualifying projects are acquired, designed, constructed, improved, renovated, expanded, equipped, maintained, or operated;

3. There are inadequate resources to develop new education facilities and other public infrastructure and government facilities for the benefit of citizens of the Commonwealth, and there is demonstrated evidence that public-private partnerships can meet these needs by improving the schedule for delivery, lowering the cost, and providing other benefits to the public;

4. Financial incentives exist under state and federal tax provisions that promote public entities to enter into partnerships with private entities to develop qualifying projects; and

5. Authorizing private entities to acquire, design, construct, improve, renovate, expand, equip, maintain, or operate one or more qualifying projects may result in the availability of such projects to the public in a more timely or less costly fashion, thereby serving the public safety, benefit, and welfare.

B. An action under § 56-575.4 shall serve the public purpose of this chapter if such action facilitates the timely acquisition, design, construction, improvement, renovation, expansion, equipping, maintenance, or operation of qualifying projects.

C. It is the intent of this chapter, among other things, to facilitate the bond financing provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 or other similar financing mechanisms, private capital and other funding sources that support the acquisition, design, construction, improvement, renovation, expansion, equipping, maintenance, or operation of qualifying projects, to the end that financing for qualifying projects be expanded and accelerated to improve and add to the convenience of the public, and such that public and private entities may have the greatest possible flexibility in contracting with each other for the provision of the public services that are the subject of this chapter.

D. This chapter shall be liberally construed in conformity with the purposes hereof.

§ 56-575.3. Prerequisite for operation of a qualifying project.

Any private entity seeking authorization under this chapter to acquire, design, construct, improve, renovate, expand, equip, maintain or operate a qualifying project shall first obtain approval of the responsible public entity under § 56-575.4. Such private entity may initiate the approval process by requesting approval pursuant to subsection A of § 56-575.4 or the responsible public entity may request proposals or invite bids pursuant to subsection B of § 56-575.4.

§ 56-575.4. Approval of qualifying projects by the responsible public entity.

A. A private entity may request approval of a qualifying project by the responsible public entity. Any such request shall be accompanied by the following material and information unless waived by the responsible public entity:

1. A topographic map (1:2,000 or other appropriate scale) indicating the location of the qualifying project;

2. A description of the qualifying project, including the conceptual design of such facility or facilities or a conceptual plan for the provision of services, and a schedule for the initiation of and completion of the qualifying project to include the proposed major responsibilities and timeline for activities to be performed by both the public and private entity;

3. A statement setting forth the method by which the operator proposes to secure any necessary property interests required for the qualifying project. The statement shall include: (i) the names and addresses, if known, of the current owners of the property needed for the qualifying project, (ii) the nature of the property interests to be acquired, and (iii) any property that the responsible public entity expects it will be requested to condemn;

4. Information relating to the current plans for development of facilities to be used by a public entity that are similar to the qualifying project being proposed by the private entity, if any, of each affected local jurisdiction;

5. A list of all permits and approvals required for the qualifying project from local, state, or federal agencies and a projected schedule for obtaining such permits and approvals;

6. A list of public utility facilities, if any, that will be crossed by the qualifying project and a statement of the plans of the operator to accommodate such crossings;

7. A statement setting forth the operator's general plans for financing the qualifying project including the sources of the operator's funds;

8. The names and addresses of the persons who may be contacted for further information concerning the request;

9. User fees, lease payments, and other service payments over the term of the comprehensive agreement pursuant to § 56-575.9 and the methodology and circumstances for changes to such user fees, lease payments, and other service payments over time; and

10. Such additional material and information as the responsible public entity may reasonably request.

B. The responsible public entity may request proposals or invite bids from private entities for the acquisition, design, construction, improvement, renovation, expansion, equipping, maintenance or operation of qualifying projects.

C. The responsible public entity may grant approval of the acquisition, construction, improvement, renovation, expansion, maintenance, or operation of the education facility or other public infrastructure or government facility needed by a public entity as a qualifying project, or the design or equipping of a qualifying project so acquired, constructed, improved, renovated, expanded, maintained, or operated, if the responsible public entity determines that the project serves the public purpose of this chapter. The responsible public entity may determine that the acquisition, design, construction, improvement, renovation, expansion, equipping, maintenance, or operation of the qualifying project as a qualifying project serves such public purpose if:

1. There is a public need for or benefit derived from the qualifying project of the type the private entity proposes as a qualifying project;

2. The estimated cost of the qualifying project is reasonable in relation to similar facilities; and

3. The private entity's plans will result in the timely acquisition, design, construction, improvement, renovation, expansion, equipping, maintenance, or operation of the qualifying project.

In evaluating any request, the responsible public entity may rely upon internal staff reports prepared by personnel familiar with the operation of similar facilities or the advice of outside advisors or consultants having relevant experience.

D. The responsible public entity may charge a reasonable fee to cover the costs of processing, reviewing and evaluating the request, including without limitation, reasonable attorney's fees and fees for financial and other necessary advisors or consultants.

E. The approval of the responsible public entity shall be subject to the private entity's entering into a comprehensive agreement pursuant to § 56-575.9 with the responsible public entity.

F. In connection with its approval of the qualifying project, the responsible public entity shall establish a date for the commencement of activities related to the qualifying project. The responsible public entity may extend such date from time to time.

G. The responsible public entity shall take appropriate action to protect confidential and proprietary information provided by the operator pursuant to an agreement under subdivision A 56 of § 2.2-3705.

H. Nothing in this chapter or in a comprehensive agreement entered into pursuant to this chapter shall be deemed to enlarge, diminish or affect the authority, if any, otherwise possessed by the responsible public entity to take action that would impact the debt capacity of the Commonwealth.

§ 56-575.5. Service contracts.

In addition to any authority otherwise conferred by law, any public entity may contract with an operator for the delivery of services to be provided as part of a qualifying project in exchange for such service payments and other consideration as such public entity may deem appropriate.

§ 56-575.6. Affected local jurisdictions.

A. Any private entity requesting approval from, or submitting a proposal to, a responsible public entity under § 56-575.4 shall notify each affected local jurisdiction by furnishing a copy of its request or proposal to each affected local jurisdiction.

B. Each affected local jurisdiction that is not a responsible public entity for the respective qualifying project shall, within sixty days after receiving such notice, submit any comments it may have in writing on the proposed qualifying project to the responsible public entity and indicate whether the facility is compatible with the local comprehensive plan, local infrastructure development plans, the capital improvements budget, or other government spending plan. Such comments shall be given consideration by the responsible public entity prior to entering a comprehensive agreement pursuant to § 56-575.9 with a private entity.

§ 56-575.7. Dedication of public property.

Any public entity may dedicate any property interest, including land, improvements, and tangible personal property, that it has for public use in a qualifying project if it finds that so doing will serve the public purpose of this chapter by minimizing the cost of a qualifying project to the public entity or reducing the delivery time of a qualifying project. In connection with such dedication, a public entity may convey any property interest that it has, subject to the conditions imposed by general law, to the operator subject to the provisions of this chapter, for such consideration as such public entity may determine. The aforementioned

consideration may include, without limitation, the agreement of the operator to operate the qualifying project.

§ 56-575.8. Powers and duties of the operator.

A. The operator shall have all power allowed by law generally to a private entity having the same form of organization as the operator and shall have the power to acquire, design, construct, improve, renovate, maintain, expand, equip or operate the qualifying project and collect lease payments, impose user fees or enter into service contracts in connection with the use thereof.

B. The operator may own, lease or acquire any other right to use or operate the qualifying project.

C. Any financing of the qualifying project may be in such amounts and upon such terms and conditions as may be determined by the operator. Without limiting the generality of the foregoing, the operator may issue debt, equity or other securities or obligations, enter into sale and leaseback transactions and secure any financing with a pledge of, security interest in, or lien on, any or all of its property, including all of its property interests in the qualifying project.

D. In operating the qualifying project, the operator may:

1. Make classifications according to reasonable categories for assessment of user fees; and

2. With the consent of the responsible public entity, make and enforce reasonable rules to the same extent that the responsible public entity may make and enforce rules with respect to similar facilities.

E. The operator shall:

1. Acquire, design, construct, improve, renovate, expand, equip, maintain, or operate the qualifying project in a manner that is acceptable to the responsible public entity, all in accordance with the provisions of the comprehensive agreement pursuant to § 56-575.9;

2. Keep the qualifying project open for use by the members of the public at all times, or as appropriate based upon the use of the facility, after its initial opening upon payment of the applicable user fees, lease payments, or service payments; provided that the qualifying project may be temporarily closed because of emergencies or, with the consent of the responsible public entity, to protect the safety of the public or for reasonable construction or maintenance procedures;

3. Maintain, or provide by contract for the maintenance of the qualifying project, if required by the comprehensive agreement;

4. Cooperate with the responsible public entity in making best efforts to establish any interconnection with the qualifying project requested by the responsible public entity; and

5. Comply with the provisions of the comprehensive agreement and any service contract.

F. Nothing shall prohibit an operator of a qualifying project from providing additional services for the qualifying project to public or private entities other than the responsible public entity so long as the provision of additional service does not impair the operator's ability to meet its commitments to the responsible public entity pursuant to the comprehensive agreement as provided for in § 56-575.9.

§ 56-575.9. Comprehensive agreement.

A. Prior to acquiring, designing, constructing, improving, renovating, expanding, equipping, maintaining, or operating the qualifying project, the private entity shall enter into a comprehensive agreement with the responsible public entity. The comprehensive agreement shall provide for:

1. Delivery of maintenance, performance and payment bonds or letters of credit in connection with the acquisition, design, construction, improvement, renovation, expansion, equipping, maintenance, or operation of the qualifying project, in the forms and amounts satisfactory to the responsible public entity;

2. Review of plans and specifications for the qualifying project by the responsible public entity and approval by the responsible public entity if the plans and specifications conform to standards acceptable to the responsible public entity. This shall not be construed as requiring the private entity to complete design of a qualifying project prior to the execution of a comprehensive agreement;

3. Inspection of the qualifying project by the responsible public entity to ensure that the operator's activities are acceptable to the responsible public entity in accordance with the provisions of the comprehensive agreement;

4. Maintenance of a policy or policies of public liability insurance (copies of which shall be filed with the responsible public entity accompanied by proofs of coverage), self-insurance, in form and amount satisfactory to the responsible public entity and reasonably sufficient to insure coverage of tort liability to the public and employees and to enable the continued operation of the qualifying project;

5. Monitoring of the practices of the operator by the responsible public entity to ensure that the qualifying project is properly maintained;

6. Reimbursement to be paid to the responsible public entity for services provided by the responsible public entity;

7. Filing of appropriate financial statements on a periodic basis; and

8. Policies and procedures governing the rights and responsibilities of the responsible public entity and the operator in the event the comprehensive agreement is terminated or there is a material default by the operator. Such policies and procedures shall include conditions governing assumption of the duties and responsibilities of the operator by the responsible public entity and the transfer or purchase of property or other interests of the operator by the responsible public entity.

B. The comprehensive agreement shall provide for such user fees, lease payments, or service payments as may be established from time to time by agreement of the parties. A copy of any service contract shall be filed with the responsible public entity. In negotiating user fees under this section, the parties shall establish payments or fees that are the same for persons using the facility under like conditions and that will not materially discourage use of the qualifying project. The execution of the comprehensive agreement or any amendment thereto shall constitute conclusive evidence that the user fees, lease payments, or service payments provided for comply with this chapter. User fees or lease payments established in the comprehensive agreement as a source of revenues may be in addition to, or in lieu of, service payments.

C. In the comprehensive agreement, the responsible public entity may agree to make grants or loans to the operator from time to time from amounts received from the federal, state, or local government or any agency or instrumentality thereof.

D. The comprehensive agreement shall incorporate the duties of the operator under this chapter and may contain such other terms and conditions that the responsible public entity determines serve the public purpose of this chapter. Without limitation, the comprehensive agreement may contain provisions under which the responsible public entity agrees to provide notice of default and cure rights for the benefit of the operator and the persons specified therein as providing financing for the qualifying project. The comprehensive agreement may contain such other lawful terms and conditions to which the operator and the responsible public entity mutually agree, including, without limitation, provisions regarding unavoidable delays or provisions providing for a loan of public funds to the operator to acquire, design, construct, improve, renovate, expand, equip, maintain or operate one or more qualifying projects. The comprehensive agreement may also contain provisions where the authority and duties of the operator under this chapter shall cease, and the qualifying project is dedicated to the responsible public entity or, if

the qualifying project was initially dedicated by an affected local jurisdiction, to such affected local jurisdiction for public use.

E. Any changes in the terms of the comprehensive agreement, as may be agreed upon by the parties from time to time, shall be added to the comprehensive agreement by written amendment.

F. When a responsible public entity that is not an agency or authority of the Commonwealth enters into a comprehensive agreement pursuant to this chapter, it shall within thirty days thereafter submit a copy of the comprehensive agreement to the Auditor of Public Accounts.

§ 56-575.10. Federal, state and local assistance.

The responsible public entity may take any action to obtain federal, state, or local assistance for a qualifying project that serves the public purpose of this chapter and may enter into any contracts required to receive such assistance. If the responsible public entity is a state agency, any funds received from the state or federal government or any agency or instrumentality thereof shall be subject to appropriation by the General Assembly. The responsible public entity may determine that it serves the public purpose of this chapter for all or any portion of the costs of a qualifying project to be paid, directly or indirectly, from the proceeds of a grant or loan made by the local, state, or federal government or any agency or instrumentality thereof.

§ 56-575.11. Material default; remedies.

A. In the event of a material default by the operator, the responsible public entity may elect to assume the responsibilities and duties of the operator of the qualifying project, and in such case, it shall succeed to all of the right, title and interest in such qualifying project, subject to any liens on revenues previously granted by the operator to any person providing financing thereof.

B. Any responsible public entity having the power of condemnation under state law may exercise such power of condemnation to acquire the qualifying project in the event of a material default by the operator. Any person who has provided financing for the qualifying project, and the operator, to the extent of its capital investment, may participate in the condemnation proceedings with the standing of a property owner.

C. The responsible public entity may terminate, with cause, the comprehensive agreement and exercise any other rights and remedies that may be available to it at law or in equity.

D. The responsible public entity may make or cause to be made any appropriate claims under the maintenance, performance, or payment bonds; or lines of credit required by subsection A 1 of § 56-575.9.

E. In the event the responsible public entity elects to take over a qualifying project pursuant to subsection A, the responsible public entity may acquire, design, construct, improve, renovate, operate, expand, equip, or maintain the qualifying project, impose user fees, impose and collect lease payments for the use thereof and comply with any service contracts as if it were the operator. Any revenues that are subject to a lien shall be collected for the benefit of and paid to secured parties, as their interests may appear, to the extent necessary to satisfy the operator's obligations to secured parties, including the maintenance of reserves. Such liens shall be correspondingly reduced and, when paid off, released. Before any payments to, or for the benefit of, secured parties, the responsible public entity may use revenues to pay current operation and maintenance costs of the qualifying project, including compensation to the responsible public entity for its services in operating and maintaining the qualifying project. The right to receive such payment, if any, shall be considered just compensation for the qualifying project. The full faith and credit of the responsible public entity shall not be pledged to secure any financing of the operator by the election to take over the qualifying project. Assumption of operation of the qualifying project shall not obligate the responsible public entity to pay any obligation of the operator from sources other than revenues.

§ 56-575.12. Condemnation.

At the request of the operator, the responsible public entity may exercise any power of condemnation that it has under law for the purpose of acquiring any lands or estates or interests therein to the extent that the responsible public entity finds that such action serves the public purpose of this chapter. Any amounts to be paid in any such condemnation proceeding shall be paid by the operator.

§ 56-575.13. Utility crossing.

The operator and each public service company, public utility, railroad, and cable television provider, whose facilities are to be crossed or affected shall cooperate fully with the other entity in planning and arranging the manner of the crossing or relocation of the facilities. Any such entity possessing the power of condemnation is hereby expressly granted such powers in connection with the moving or relocation of facilities to be crossed by the qualifying project or that must be relocated to the extent that such moving or relocation is made necessary or desirable by construction of, renovation to, or improvements to the qualifying project, which shall be construed to include construction of, renovation to, or improvements to temporary facilities for the purpose of providing service during the period of construction or improvement. Any amount to be paid for such crossing, construction, moving or relocating of facilities shall be paid for by the operator. Should the operator and any such public service company, public utility, railroad, and cable television provider not be able to agree upon a plan for the crossing or relocation, the Commission may determine the manner in which the crossing or relocation is to be accomplished and any damages due arising out of the crossing or relocation. The Commission may employ expert engineers who shall examine the location and plans for such crossing or relocation, hear any objections and consider modifications, and make a recommendation to the Commission. In such a case, the cost of the experts is to be borne by the operator. Such determination shall be made by the Commission within ninety days of notification by the private entity that the qualifying project will cross utilities subject to the Commission's jurisdiction.

§ 56-575.14. Police powers; violations of law.

All police officers of the Commonwealth and of each affected local jurisdiction shall have the same powers and jurisdiction within the limits of such qualifying project as they have in their respective areas of jurisdiction and such police officers shall have access to the qualifying project at any time for the purpose of exercising such powers and jurisdiction.

§ 56-575.15. Sovereign immunity.

Nothing in this chapter shall be construed as or deemed a waiver of the sovereign immunity of the Commonwealth, any responsible public entity or any affected local jurisdiction or any officer or employee thereof with respect to the participation in, or approval of all or any part of the qualifying project or its operation, including but not limited to interconnection of the qualifying project with any other infrastructure or project. Counties, cities and towns in which a qualifying project is located shall possess sovereign immunity with respect to its design, construction, and operation.

§ 56-575.16. Procurement.

The Virginia Public Procurement Act (§ 2.2-4300 et seq.) and any interpretations, regulations, or guidelines of the Division of Engineering and Buildings of the Department of General Services, including the Capital Outlay Manual and those interpretations, regulations or guidelines developed pursuant to §§ 2.2-1131, 2.2-1132, 2.2-1133, 2.2-1149, and 2.2-1502, except those developed by the Division in accordance with this chapter when the Commonwealth is the responsible public entity, shall not apply to this chapter. However, a responsible public entity may enter into a comprehensive agreement only in accordance with procedures adopted by it as follows:

1. A responsible public entity may enter into a comprehensive agreement in accordance with procedures adopted by it that are consistent with procurement through competitive sealed bidding as defined in § 2.2-4301 and subsection B of § 2.2-4310.

2. A responsible public entity may enter into a comprehensive agreement in accordance with procedures adopted by it that are consistent with the procurement of "other than professional services" through competitive negotiation as defined in § 2.2-4301 and subsection B of § 2.2-4310. Such responsible public entity shall not be required to select the proposal with the lowest price offer, but may consider price as one factor in evaluating the proposals received. A responsible public entity shall proceed in accordance with the procedures adopted by it pursuant to subdivision 1 unless it determines that proceeding in accordance with the procedures adopted by it pursuant to this subdivision is likely to be advantageous to the responsible public entity and the public, based on (i) the probable scope, complexity or urgency of the project, or (ii) risk sharing, added value, an increase in funding or economic benefit from the project that would not otherwise be available. When the responsible public entity determines to proceed according to the procedures adopted by it pursuant to this subdivision, it shall state the reasons for its determination in writing. If a state agency is the responsible public entity, the approval of the responsible Governor's Secretary, or the Governor, shall be required before the responsible public entity may enter into a comprehensive agreement pursuant to this subdivision.

3. Nothing in this chapter shall authorize or require that a responsible public entity obtain professional services through any process except in accordance with procedures adopted by it that are consistent with the procurement of "professional services" through competitive negotiation as defined in § 2.2-4301 and subsection B of § 2.2-4310.

4. A responsible public entity shall not proceed to consider any request by a private entity for approval of a qualifying project pursuant to subsection A of § 56-575.4 until the responsible public entity has adopted and made publicly available procedures that are sufficient to enable the responsible public entity to comply with this chapter. Such procedures shall include provision for the posting and publishing of public notice of a private entity's request for approval of a qualifying project pursuant to subsection A of § 56-575.4 and a reasonable time period, to be no less than forty-five days, during which the responsible public entity will receive competing proposals pursuant to that subsection.

5. A responsible public entity that is a school board or a county, city or town may enter into a comprehensive agreement under this chapter only with the approval of the local governing body.

2. That it is the intent of the General Assembly that the Governor and the chairs of the General Laws Committees of the Senate and House of Delegates, or their respective designees, will facilitate the development of model procedures to assist in the implementation of this act, that public entities and private sector businesses, including but not limited to construction management firms, contractors, and design professionals, will be consulted in the development of such procedures, and that such model procedures will be completed and made available to public entities covered by this act not later than September 30, 2002.

3. That it is the intent of the General Assembly that the Auditor of Public Accounts periodically review the comprehensive agreements approved under this chapter for compliance with this chapter.

Current As of December 1, 2003

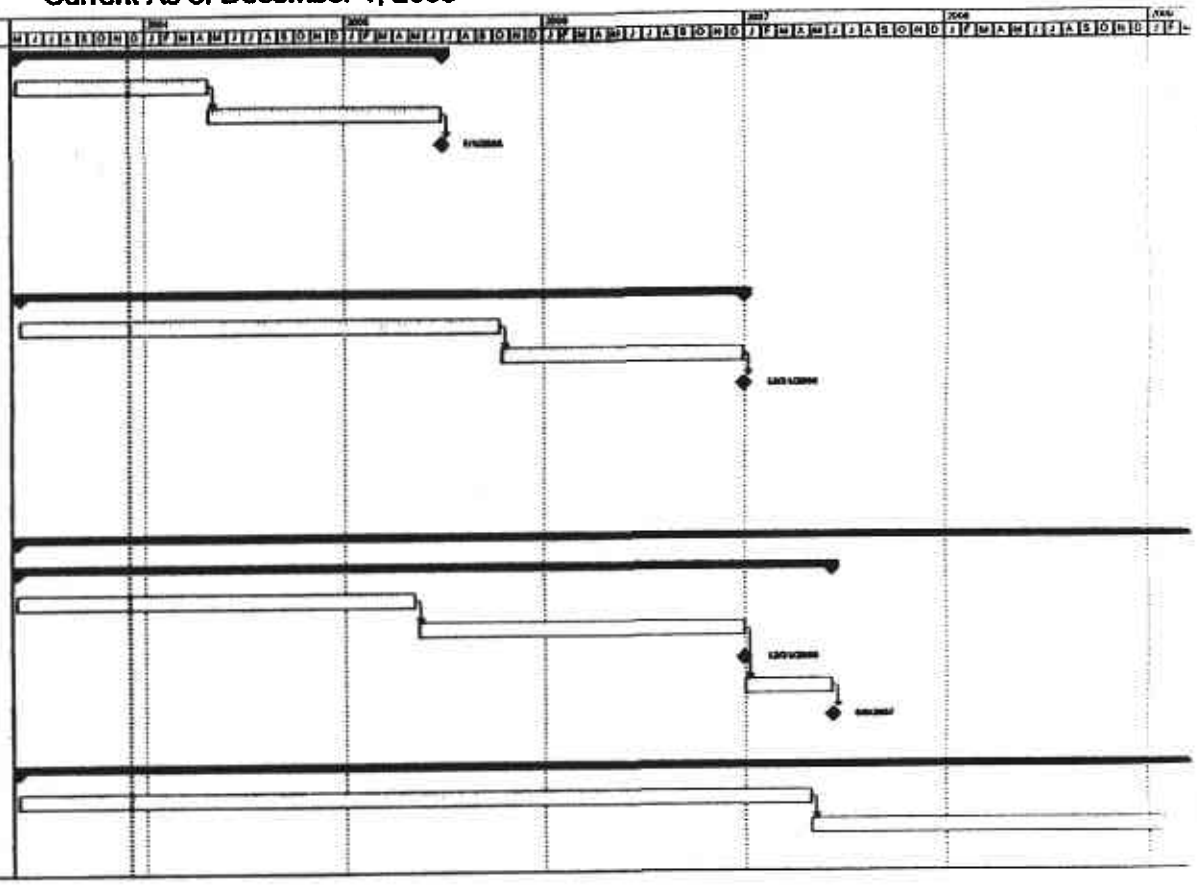
Finance Bldg.
- Complete PPEA Process (Design and Documents)
- Demolition and Renovation
- Ready for Occupants

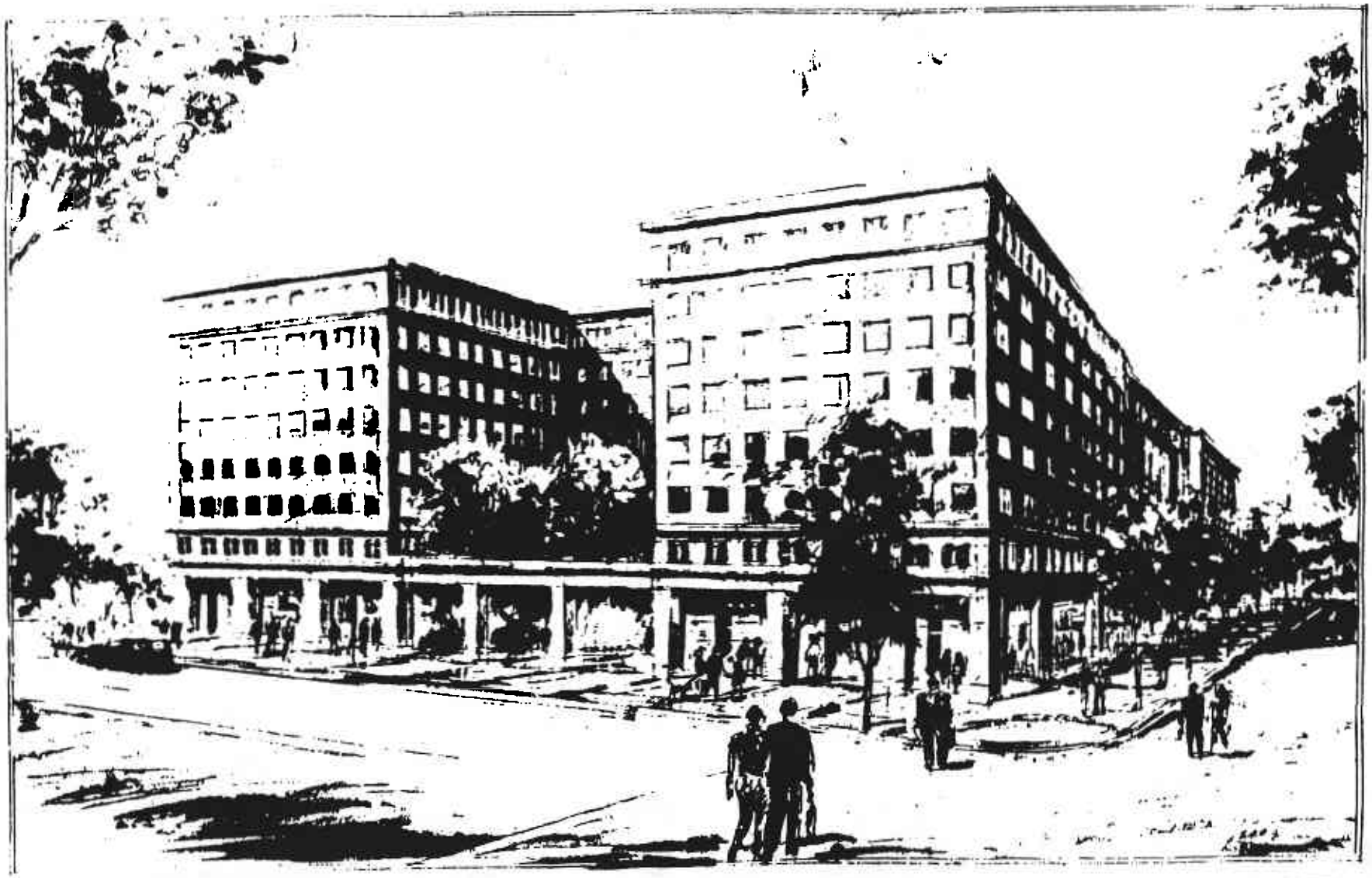
Washington Bldg.
- Complete PPEA Process (Design and Documents)
- Demolition and Renovation
- Ready for Occupants

8th/9th Street Development

8th St. Office Bldg. w/approx. 450 Space Parking Deck
- Complete PPEA Process (Design and Documents)
- Demolition and New Construction
- Deck Complete Ready for Parking
- Complete Building Interior Construction
- New 8th St. Bldg. Ready for Occupants

9th St. Office Bldg. w/approx. 150 Space Parking Deck
- Complete PPEA Process (Design and Documents)
- Demolition and Construction
- New 9th St. Bldg. Ready for Occupants





CAPITOL SQUARE RENOVATION

TRAMMELL CROW COMPANY

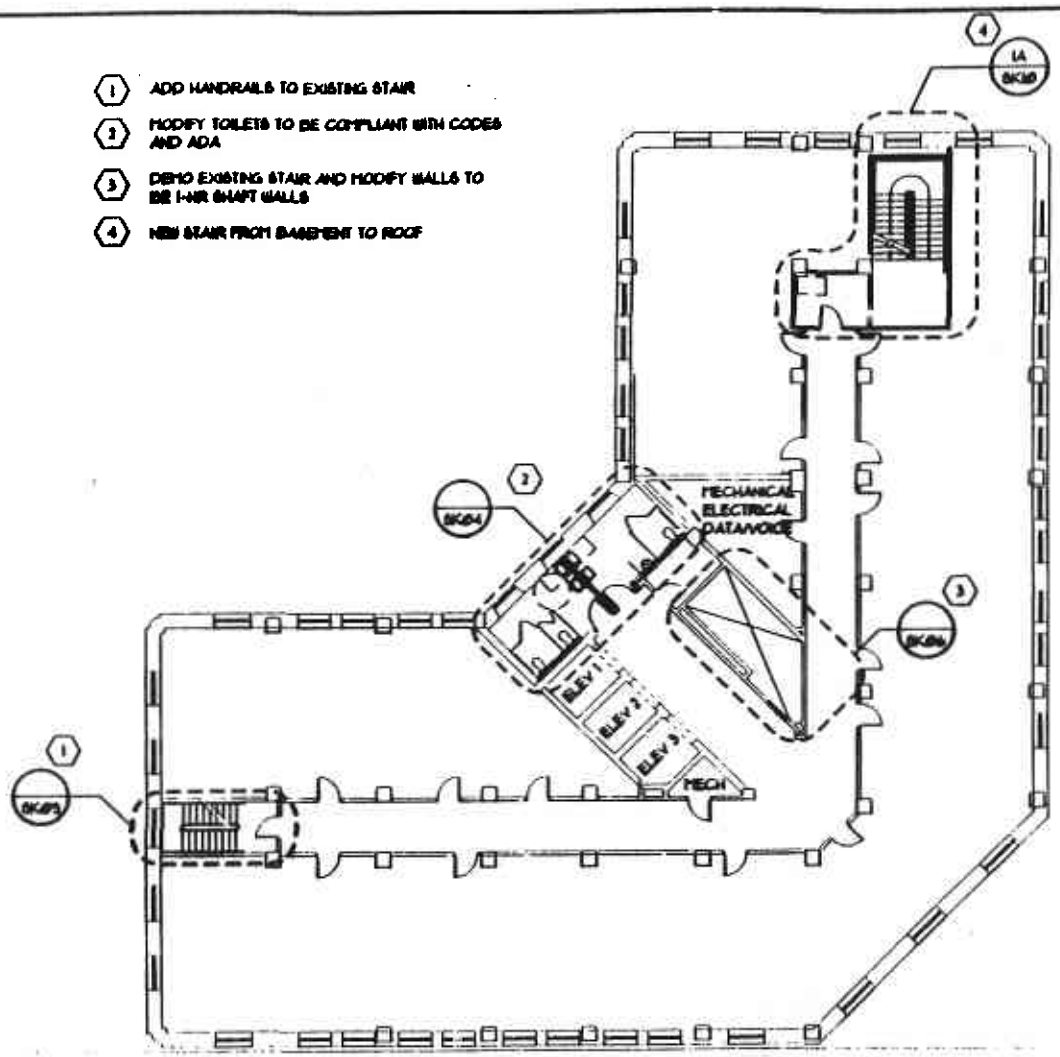
LEO A DALY

May, 12, 2001

EXTERIOR RENDERING

8th/9th Street Proposed Development

1. ADD HANDRAILS TO EXISTING STAIR
2. MODIFY TOILETS TO BE COMPLIANT WITH CODES AND ADA
3. DEMO EXISTING STAIR AND MODIFY WALLS TO BE 1-HR SHAFT WALLS
4. NEW STAIR FROM BASEMENT TO ROOF



R A S K E R V I L L & S O N

OWNER: COMMONWEALTH OF VIRGINIA

PROJECT NAME: WASHINGTON BUILDING

DESCRIPTION: TYPICAL FLOOR - DEMO/NEW CONSTRUCTION

JOB NO.: 2030710

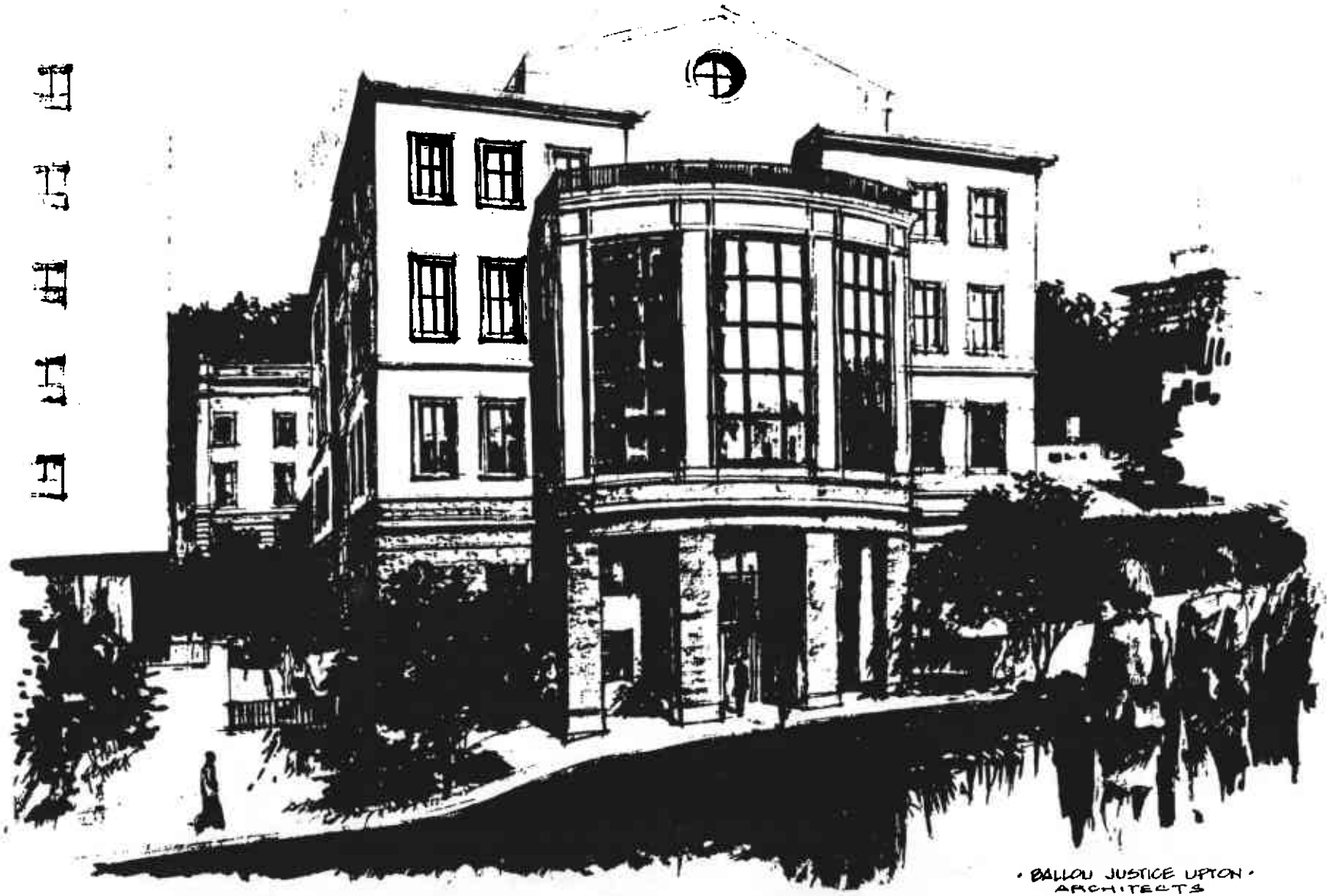
ENG REF: -

SCALE: 1/16"=1'-0"

DATE: 09/12/03

ISSUE NO: SK-13

SHEET ___ OF ___



Old Finance Building

Public-Private Education Facilities and Infrastructure Act of 2002

Commonwealth of Virginia

Procedures

December 2002

I. Introduction

The Public-Private Education Facilities and Infrastructure Act of 2002 (the "PPEA")[1] allows responsible public entities to create public-private partnerships for development of a wide range of projects for public use if the public entities determine there is a need for the project and that private involvement may provide the project to the public in a timely and cost-effective fashion. For purposes of the PPEA, the Commonwealth of Virginia, its agencies and institutions taken together, is a "responsible public entity" that "has the power to acquire, design, construct, improve, renovate, expand, equip, maintain, or operate the applicable qualifying project."[2] Individually negotiated comprehensive agreements between an operator and the Commonwealth will define the respective rights and obligations of the parties. This document sets forth the procedures to guide the private partner(s), and to be followed by each agency and institution of the Commonwealth, in the application of PPEA. The approval of the Governor of the Commonwealth of Virginia is required for any state agency or institution to enter into a comprehensive agreement pursuant to the PPEA.[3]

In order for a project to be considered under the PPEA, it must meet the definition of a "qualifying project." The PPEA contains a broad definition of "qualifying project" that includes public buildings and facilities of all types; for example:

(i) An education facility, including, but not limited to, a school building, any functionally-related and subordinate facility (a stadium, for example), land appurtenant to a school building, and any depreciable property provided for use in a school facility that is operated as part of the public school system or as an institution of higher education;

(ii) A building or facility for principal use by any public entity;

(iii) Improvements, together with equipment, necessary to enhance public safety and security of buildings to be principally used by a public entity;

(iv) Utility, telecommunications and other communications infrastructure; or

(v) A recreational facility; and

(vi) Certain service contracts.

The PPEA establishes requirements that the Commonwealth's agencies and institutions shall adhere to when considering proposals received pursuant to the PPEA. Individual state agencies or institutions are the cognizant units of the Commonwealth as a

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[1] Virginia Code § 56-575.1 through § 56-575.16.
[2] Ibid.
[3] Virginia Code § 56-575.16

Public-Private Education Facilities and Infrastructure Act of 2002

Commonwealth of Virginia Procedures

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responsible public entity as defined in the PPEA. They may receive and consider proposals in strict accord with the procedures specified in this document. In addition, the PPEA specifies the criteria that must be used to select a proposal and the contents of the comprehensive agreement detailing the relationship between the Commonwealth and the private entity.

The complete text of the PPEA has been included in the Appendix to this document. Although guidance with regard to the application of the PPEA is provided in this document, it is incumbent upon all entities, both public and private, to comply with the provisions of the PPEA.

II. General Provisions

A. Proposal Submission

A proposal may be either solicited by the Commonwealth or delivered by a private entity on an unsolicited basis. Proposers will be required to follow a two-part proposal submission process consisting of an initial conceptual phase (Part 1) and a detailed phase (Part 2). The initial phase of the proposal should contain specified information on proposer qualifications and experience, project characteristics, project financing, anticipated public support or opposition, or both, and project benefit and compatibility. The Part 2 detailed proposal must contain specified deliverables.

The PPEA allows private entities to include innovative financing methods, such as the imposition of user fees or service payments, in a proposal. Such financing arrangements may include the issuance of debt instruments, equity or other securities or obligations, including, if applicable, the portion of the tax-exempt private activity bond limitation amount to be allocated annually to the Commonwealth of Virginia pursuant to the federal Economic Growth and Tax Relief Reconciliation Act of 2001[4] for the development of education facilities using public-private partnerships, and to provide for carryovers of any unused limitation amount.

Proposals should be prepared simply and economically, providing a concise description of the proposer's capabilities to complete the proposed qualifying project and the benefits to be derived from the project by the public. Project benefits to be considered are those occurring during the construction, renovation, expansion or improvement phase and during the life cycle of the project. Proposals also should include a comprehensive scope of work and a financial plan for the project, which contains enough detail to allow an analysis by the Commonwealth of the financial feasibility of the proposed project. For specific applications, the Commonwealth may request, in writing, clarification to the submission.

The PPEA is intended to encourage proposals from the private sector that offer the provision of private financing in support of the proposed public project and the

[4] Public Law 107-16; Section 142(k)(5) of the Internal Revenue Code of 1986, as amended.

assumption of commensurate risk by the private operator, but also benefits to the operator through innovative approaches to project financing, development and use. However, while substantial private sector involvement is encouraged, qualifying facilities will still be devoted primarily to *public* use and typically involve facilities critical to the public health, safety and welfare. Accordingly, Commonwealth agencies and institutions shall continue to exercise full and proper due diligence in the evaluation and selection of operators for these projects. In this regard, the qualifications, capabilities, resources and other attributes of a prospective operator and its whole team should be carefully examined for every project. In addition, operators proposing projects shall be held strictly accountable for representations or other information provided regarding their qualifications, experience or other contents of their proposals, including all specific aspects of proposed plans to be performed by the operator.

B. Affected Local Jurisdictions

Any private entity requesting approval from, or submitting a conceptual or detailed proposal to, the Commonwealth must provide each affected unit of local government with a copy of those portions of the private entity's request or proposal that are not deemed confidential by the state agency by certified mail, express delivery or hand delivery, after the agency or institution determines whether to accept such proposal. Affected local jurisdictions shall have 60 days from the receipt of the request or proposal to submit written comments to the responsible state agency or institution at either or both the conceptual and detailed phases. Comments received within the 60-day period shall be considered in evaluating the request or proposal, however no negative inference shall be drawn from the absence of comment by an affected local jurisdiction.

C. Proposal Review Fee

No fee will be charged by the Commonwealth to process, review or evaluate any solicited proposal submitted under the PPEA, other than what are considered reasonable and incidental permit, utility, and related fees during the construction stage of the project.

The Commonwealth shall charge a fee of one-half of one percent (0.5%), not to exceed $50,000, of the estimated present value cost to the Commonwealth of the proposal, but not less than $5,000, to cover the costs of processing, reviewing, and evaluating any unsolicited, Part 1 proposal or competing unsolicited Part 1 proposal submitted under the PPEA. For purposes of initial processing of the proposal, the agency or institution shall accept the $5,000 minimum fee with the balance due and payable prior to the proposals proceeding beyond the initial review stage. Such sums shall be paid with certified funds, and shall be deposited in the State Treasury on the books of the Comptroller in a special statewide fund known as the PPEA Fund. The fund shall be established for such purpose, and deposits to the fund shall be apportioned to defray the direct cost of proposal review(s).

- If the cost of reviewing the proposal is less than the established proposal fee, the public entity may refund to the proposer the excess fee.

- If during the initial review the agency or institution decides not to proceed to publication and conceptual-phase review of an unsolicited proposal, the proposal fee, less any direct (itemized) costs of the initial review, shall be refunded to the private entity.
- If the agency or institution chooses to proceed with evaluation of proposal(s) under the PPEA, it shall not do so until the entire, non-refundable proposal fee has been paid to the Commonwealth in full.

D. Freedom of Information Act

Generally, proposal documents submitted by private entities are subject to the Virginia Freedom of Information Act ("FOIA").[5] In accordance with § 2.2-3705 A 56 of the Code, such documents may be released if requested, except to the extent that they relate to (i) confidential proprietary information submitted to the Commonwealth under a promise of confidentiality or (ii) memoranda, working papers or other records related to proposals if making public such records would adversely affect the financial interest of the Commonwealth or the private entity or the bargaining position of either party.

Subsection 56-575.4 G of the PPEA imposes an obligation on the Commonwealth, and any affected local jurisdiction, to protect confidential proprietary information submitted by a private entity or operator. When the private entity requests that the public entity not disclose information, the private entity must (i) invoke the exclusion when the data or materials are submitted to the public entity or before such submission, (ii) identify the data and materials for which protection from disclosure is sought, and (iii) state why the exclusion from disclosure is necessary. A private entity may request and receive a determination from the Commonwealth as to the anticipated scope of protection prior to submitting the proposal. The Commonwealth is authorized and obligated to protect only confidential proprietary information, and thus will not protect any portion of a proposal from disclosure if the entire proposal has been designated confidential by the proposer without reasonably differentiating between the proprietary and non-proprietary information contained therein.

Upon receipt of a request that designated portions of a proposal be protected from disclosure as confidential and proprietary, the state agency or institution, as the case may be, shall determine whether such protection is appropriate under applicable law and, if appropriate, the scope of such appropriate protection, and shall communicate its determination to the proposer. If the determination regarding protection or the scope thereof differs from the proposer's request, then the Commonwealth should accord the proposer a reasonable opportunity to clarify and justify its request. Upon a final determination by the agency or institution to accord less protection than requested by the proposer, the proposer should be accorded an opportunity to withdraw its proposal. A proposal so withdrawn should be treated in the same manner as a proposal not accepted for publication and conceptual-phase consideration as provided in section IV.A.2 below.

[5] Virginia Code § 2.2-3700 et seq.

E. Applicability of Other Laws

The applicability of the Virginia Public Procurement Act (the "VPPA") is as set forth in the PPEA. In soliciting or entertaining proposals under the PPEA, agencies and institutions of the Commonwealth shall also comply with all applicable federal laws and applicable state and local laws not in conflict with the PPEA. Likewise, in submitting proposals and in developing, executing or operating facilities under the PPEA, operators shall comply will all applicable federal laws and applicable state and local laws. Such laws may include, but not necessarily be limited to, contractual obligations which require Workers Compensation insurance coverage, performance bonds or payment bonds from approved sureties, compliance with the Virginia Prompt Payment Act, compliance with the Ethics in Public Contracting Act and compliance with environmental laws, workplace safety laws, and state or local laws governing contractor or trade licensing, building codes and building permit requirements.

Expenditure of state funds in support of a comprehensive agreement requires an appropriation in the state budget or other appropriation(s) act.

The PPEA process should not be used to create state-supported debt. Comprehensive agreements involving any form of state-supported debt, require specific, project-level approval by the General Assembly, the Governor, and the Treasury Board.

A state agency or institution considering a solicited or unsolicited proposal shall be responsible for complying with the provisions of § 10.1-1188 of the Code of Virginia as it regards environmental issues.

In accordance with existing state law, or pursuant to a directive from the Governor's Office, other Commonwealth agencies or institutions may also have a right and responsibility to monitor project and the operator's compliance with the terms of the comprehensive agreement.

III. Solicited Proposals

With the written authorization of the head of the state agency or institution a Request for Proposals (RFPs) may be issued, inviting proposals from private entities to acquire, construct, improve, renovate, expand, maintain or operate qualifying projects or to design or equip projects so constructed, improved renovated, expanded, maintained or operated. The agency or institution shall use a two-part proposal process consisting of an initial conceptual phase (Part 1) and a detailed phase (Part 2). The RFP shall invite proposers to submit proposals on individual projects identified by the state agency or institution. In such a case the Commonwealth shall set forth in the RFP the format and supporting information that is required to be submitted, consistent with the provisions of the PPEA.

The RFP should specify, but not necessarily be limited to, information and documents that must accompany each proposal and the factors that will be used in evaluating the submitted proposals. The RFP shall be posted on the Commonwealth's electronic procurement website, http://www.eva.state.va.us/. Notices shall also be published in a newspaper or other publications of general circulation and advertised on the *Virginia Business Opportunities Newsletter* website. The RFP should also contain or incorporate by reference applicable Virginia standard terms and conditions, including any unique capabilities or qualifications that will be required of the private entities submitting proposals. Pre-proposal conferences may be held as deemed appropriate by the Commonwealth.

IV. Unsolicited Proposals

The PPEA permits the Commonwealth's agencies and institutions to receive, evaluate and select for negotiations unsolicited proposals from private entities to acquire, construct, improve, renovate, expand, maintain, or operate a qualifying project or to design or equip projects so constructed, improved, renovated, expanded, maintained or operated.

From time to time the Commonwealth's agencies or institutions may publicize their needs and may encourage interested parties to submit proposals subject to the terms and conditions of the PPEA. When such proposals are received without issuance of an RFP, the proposal shall be treated as an unsolicited proposal. Unsolicited proposals should be submitted to the head of the affected state agency or institution, and delivery confirmed for the submitter by written receipt. If proposal clearly affects multiple state agencies, institutions and/or interests, or if there exists uncertainty which agency or institution is best suited to receive the proposal, it should be submitted to the Secretary of Administration.

A. Decision to Accept and Consider Unsolicited Proposal; Notice

1. The Commonwealth reserves the right to reject any and all proposals at any time.
2. Upon receipt of any unsolicited proposal, or group of proposals, and payment of the required fee by the proposer or proposers, the agency or institution should determine whether to accept the unsolicited proposal for publication and conceptual-phase consideration. If the agency or institution determines not to accept the proposal, it shall return the proposal, together with all fees and accompanying documentation, to the proposer.
3. a. If the agency or institution chooses to accept an unsolicited proposal for conceptual-phase consideration, it shall post a notice on the Commonwealth's electronic procurement website, http://www.eva.state.va.us/, and in such other public area(s) as may be regularly used for posting of public notices, for a period of not less than 45

days. The responsible agency or institution shall also publish, at least once, the same notice in one or more newspapers or periodicals of general circulation in the affected jurisdiction(s), providing notice of pending or potential action in not less than 45 days. The agency shall provide for more than 45 days in situations where the scope or complexity of the original proposal warrants additional time for potential competitors to prepare proposals. In addition, the notice should also be advertised on the *Virginia Business Opportunities Newsletter* website.

b. The notice shall state that the agency or institution (i) has received and accepted an unsolicited proposal under the PPEA, (ii) intends to evaluate the proposal, (iii) may negotiate a comprehensive agreement with the proposer based on the proposal, and (iv) will accept for simultaneous consideration any competing proposals that comply with the procedures adopted by the Commonwealth and the provisions of the PPEA. The notice will summarize the proposed qualifying project or projects, and identify their proposed locations. Copies of unsolicited proposals shall be available upon request, subject to the provisions of FOIA and § 56-575.4 G of the PPEA.

c. Prior to posting of the notices provided for in this subsection the agency or institution shall receive from the private partner or partners the balance due, if any, of the required project proposal review fee.

B. Initial Review by the Commonwealth at the Conceptual Stage (Part 1)

After reviewing the original proposal, and any competing proposals submitted during the notice period, the agency or institution may recommend to the responsible Cabinet Secretary, or the Governor:

(i) not to proceed further with any proposal,

(ii) to proceed to the detailed (Part 2) phase of review with the original proposal,

(iii) to proceed to the detailed (Part 2) phase with a competing proposal, or

(iv) to proceed to the detailed (Part 2) phase with multiple proposals.

The responsible Cabinet Secretary, or the Governor (if there is not a responsible Cabinet Secretary), shall approve, in writing, in advance, the course of action to be implemented by the agency or institution, after considering the comments of Secretaries of Finance and Administration.

In the event that more than one proposal will be considered in the detailed (Part 2) phase of review, the agency or institution shall determine whether the unsuccessful private entity, or entities, shall be reimbursed, in whole or in part, for costs incurred in the

detailed phase of review. In such case reasonable costs may be assessed to the successful proposer as part of any ensuing comprehensive agreement.

V. Review of Solicited and Unsolicited Proposals

1. Only proposals complying with the requirements of the PPEA that contain sufficient information for a meaningful evaluation and that are provided in an appropriate format will be considered by the agency or institution for further review at the conceptual stage. Formatting suggestions for proposals at the conceptual stage are found at Section VI A.

2. The agency or institution will determine at the initial review stage whether it will proceed using:

a. Standard procurement procedures consistent with the VPPA; or

b. Procedures developed that are consistent with procurement of other than professional services through "competitive negotiation" as the term is defined in § 2.2-4301 of the Code of Virginia (competitive negotiation). The agency or institution may proceed using such procedures only if it makes a written determination that doing so is likely to be advantageous to the Commonwealth and the public based upon either (i) the probable scope, complexity or urgency of need, or (ii) the risk sharing, added value, increase in funding or economic benefit from the project would otherwise not be available.

When an agency or institution elects to use competitive negotiations, its written determination should consider factors such as risk sharing, added value and/or economic benefits from the project that would not be available without competitive negotiation. In addition, the written determination should explain how the scope, complexity, and/or urgency of the project are such that competitive negotiation is determined necessary.

VI. Proposal Preparation and Submission

A. Format for Submissions at Conceptual Stage (Part 1)

The Commonwealth requires that proposals at the conceptual stage contain information in the following areas: (i) qualifications and experience, (ii) project characteristics, (iii) project financing, (iv) anticipated public support or opposition, or both, (v) project benefit and compatibility and (vi) such additional information as may seem prudent which is not inconsistent with the requirements of the PPEA. Suggestions for formatting information to be included in proposals at the Conceptual Stage include:

1. Qualification and Experience

a. Identify the legal structure of the firm or consortium of firms making the proposal. Identify the organizational structure for the project, the management approach and how each partner and major subcontractor ($1 million or more) in the structure fits into the overall team. All members of the operator/offeror's team, including major subcontractors known to the proposer must be identified at the time a proposal is submitted for the Conceptual Stage. Identified team members, including major subcontractors (over $5 million), may not be substituted or replaced once a project is approved and comprehensive agreement entered into, without the written approval of the Commonwealth. Include the status of the Virginia license of each partner, proposer, contractor, and major subcontractor.

b. Describe the experience of the firm or consortium of firms making the proposal and the key principals involved in the proposed project including experience with projects of comparable size and complexity. Describe the length of time in business, business experience, public sector experience and other engagements of the firm or consortium of firms. Describe the past safety performance record and current safety capabilities of the firm or consortium of firms. Describe the past technical performance history on recent projects of comparable size and complexity, including disclosure of any legal claims, of the firm or consortium of firms. Include the identity of any firms that will provide design, construction and completion guarantees and warranties and a description of such guarantees and warranties.

c. For each firm or major subcontractor ($1 million or more) that will be utilized in the project, provide a statement listing all of the firm's prior projects and clients for the past 3 years and contact information for same (names/addresses /telephone numbers). If a firm has worked on more than ten (10) projects during this period, it may limit its prior project list to ten (10), but shall first include all projects similar in scope and size to the proposed project and, second, it shall include as many of its most recent projects as possible. Each firm or major subcontractor shall be required to submit all performance evaluation reports or other documents which are in its possession evaluating the firm's performance during the preceding three years in terms of cost, quality, schedule maintenance, safety and other matters relevant to the successful project development, operation, and completion.

d. Provide the names, addresses, and telephone numbers of persons within the firm or consortium of firms who may be contacted for further information.

e. Provide a current or most recently audited financial statement of the firm or firms and each partner with an equity interest of twenty percent or greater.

f. Identify any persons known to the proposer who would be obligated to disqualify themselves from participation in any transaction arising from or in connection to the project pursuant to The Virginia State and Local Government Conflict of Interest Act, Chapter 31 (§ 2.2-3100 et seq.) of Title 2.2.

g. Identify proposed plan for obtaining sufficient numbers of qualified workers in all trades or crafts required for the project.

h. Provide information on any training programs, including but not limited to apprenticeship programs registered with the U.S. Department of Labor or a State Apprenticeship Council, in place for employees of the firm and employees of any member of a consortium of firms.

i. Provide information on the level of commitment by the firm or consortium of firms to use Department of Minority Business Enterprise firms in developing and implementing the project.

j. For each firm or major subcontractor that will perform construction and/or design activities, provide the following information:

(1) A sworn certification by an authorized representative of the firm attesting to the fact that the firm is not currently debarred or suspended by any federal, state or local government entity.

(2) A completed qualification statement on a form developed by the Commonwealth that reviews all relevant information regarding technical qualifications and capabilities, firm resources and business integrity of the firm, including but not limited to, bonding capacities, insurance coverage and firm equipment. This statement shall also include a mandatory disclosure by the firm for the past three years any of the following conduct:

(A) bankruptcy filings
(B) liquidated damages
(C) fines, assessments or penalties
(D) judgments or awards in contract disputes

(E) contract defaults, contract terminations
(F) license revocations, suspensions, other disciplinary actions
(G) prior debarments or suspensions by a governmental entity
(H) denials of prequalification, findings of non-responsibility
(I) safety past performance data, including fatality incidents, "Experience Modification Rating," "Total Recordable Injury Rate" and "Total Lost Workday Incidence Rate"
(J) violations of any federal, state or local criminal or civil law
(K) criminal indictments or investigations
(L) legal claims filed by or against the firm

k. Worker Safety Programs: Describe worker safety training programs, job-site safety programs, accident prevention programs, written safety and health plans, including incident investigation and reporting procedures.

2. Project Characteristics

a. Provide a description of the project, including the conceptual design. Describe the proposed project in sufficient detail so that type and intent of the project, the location, and the communities that may be affected are clearly identified.

b. Identify and fully describe any work to be performed by the public entity.

c. Include a list of all federal, state and local permits and approvals required for the project and a schedule for obtaining such permits and approvals.

d. Identify any anticipated adverse social, economic and environmental impacts of the project. Specify the strategies or actions to mitigate known impacts of the project. Indicate if an environmental and archaeological assessment have been completed.

e. Identify the projected positive social, economic and environmental impacts of the project.

f. Identify the proposed schedule for the work on the project, including the estimated time for completion.

g. Identify contingency plans for addressing public needs in the event that all or some of the project is not completed according to projected schedule.

h. Propose allocation of risk and liability for work completed beyond the agreement's completion date, and assurances for timely completion of the project.

i. State assumptions related to ownership, legal liability, law enforcement and operation of the project and the existence of any restrictions on the public entity's use of the project.

j. Provide information relative to phased or partial openings of the proposed project prior to completion of the entire work.

3. Project Financing

a. Provide a preliminary estimate and estimating methodology of the cost of the work by phase, segment, or both.

b. Submit a plan for the development, financing and operation of the project showing the anticipated schedule on which funds will be required. Describe the anticipated costs of and proposed sources and uses for such funds. Include any supporting due diligence studies, analyses or reports.

c. Include a list and discussion of assumptions underlying all major elements of the plan.

d. Identify the proposed risk factors and methods for dealing with these factors.

e. Identify any local, state or federal resources that the proposer contemplates requesting for the project. Describe the total commitment, if any, expected from governmental sources and the timing of any anticipated commitment.

4. Project Benefit and Compatibility

a. Identify community benefits, including the economic impact the project will have on the Commonwealth and local community in terms of amount of tax revenue to be generated for the Commonwealth and political subdivisions, the number jobs generated for Virginia residents and level of pay and fringe benefits of such jobs, the training opportunities for apprenticeships and other training programs generated by the project and the number and value of subcontracts generated for Virginia subcontractors.

b. Identify any anticipated public support or opposition, as well as any anticipated government support or opposition, for the project;

c. Explain the strategy and plan that will be carried out to involve and inform the general public, business community, local governments, and governmental agencies in areas affected by the project;

d. Describe the compatibility of the project with local, regional, and state economic development efforts.

e. Describe the compatibility with the local comprehensive plan, local infrastructure development plans, and any capital improvements budget or other government spending plan.

B. Format for Submissions at Detailed Stage (Part 2)

If the Commonwealth decides to proceed to the detailed phase of review with one or more proposals, the following information, where applicable, shall be provided by the private entity unless a waiver of the requirement or requirements is agreed to by the cognizant agency or institution:

1. A topographical map (1:2,000 or other appropriate scale) depicting the location of the proposed project;

2. Conceptual site plan indicating proposed location and configuration of the project on the proposed site;

3. Conceptual (single line) plans and elevations depicting the general scope, appearance and configuration of the proposed project;

4. Detailed description of the proposed participation, use and financial involvement of the State, agency and/or locality in the project. Include the proposed terms and conditions for the project if they differ from the standard state General Conditions;

5. A list of public utility facilities, if any, that will be crossed by the qualifying project and a statement of the plans of the proposer to accommodate such crossings;

6. A statement and strategy setting out the plans for securing all necessary property. The statement must include the names and addresses, if known, of the current owners of the subject property as well as a list of any property the proposer intends to request the public entity to condemn;

7. A detailed listing of all firms that will provide specific design, construction and completion guarantees and warranties, and a brief description of such guarantees and warranties;

8. A total life-cycle cost specifying methodology and assumptions of the project or projects and the proposed project start date. Include anticipated commitment of all parties; equity, debt, and other financing mechanisms; and a schedule of project revenues and project costs. The life-cycle cost analysis should include, but not be limited to, a detailed analysis of the projected return, rate of return, or both, expected useful life of facility and estimated annual operating expenses.

9. A detailed discussion of assumptions about user fees or rates, and usage of the projects.

10. Identification of any known government support or opposition, or general public support or opposition for the project. Government or public support should be demonstrated through resolution of official bodies, minutes of meetings, letters, or other official communications.

11. Demonstration of consistency with appropriate local comprehensive or infrastructure development plans or indication of the steps required for acceptance into such plans.

12. Explanation of how the proposed project would impact local development plans of each affected local jurisdiction.

13. Description of an ongoing performance evaluation system or database to track key performance criteria, including but not limited to, schedule, cash management, quality, worker safety, change orders, and legal compliance.

14. Identification of any known conflicts of interest or other disabilities that may impact the public entity's consideration of the proposal, including the identification of any persons known to the proposer who would be obligated to disqualify themselves from participation in any transaction arising from or in connection to the project pursuant to The Virginia State and Local Government Conflict of Interest Act, Chapter 31 (§ 2.2-3100 et seq.) of Title 2.2.

15. Acknowledge conformance with Sections 2.2 – 4367 thru 2.2-4377 of the Code of Virginia, the Ethics in Public Contracting Act;

16. Additional material and information as the public entity may reasonably request.

VII. Proposal Evaluation and Selection Criteria

The following items shall be considered in the evaluation and selection of PPEA proposals. In selecting proposals, all relevant information from both the Conceptual Stage and the Detailed Stage should be considered.

A. Qualifications and Experience

Factors to be considered in either phase of an agency or institution's review to determine whether the proposer possesses the requisite qualifications and experience should include:

1. Experience, training and preparation with similar projects;
2. Demonstration of ability to perform work;
3. Demonstrated record of successful past performance, including timeliness of project delivery, compliance with plans and specifications, quality of workmanship, cost-control and project safety;
4. Demonstrated conformance with applicable laws, codes, standards, regulations, and agreements on past projects;
5. Leadership structure;
6. Project manager's experience;
7. Management approach;
8. Project staffing plans, the skill levels of the proposed workforce, apprenticeship and other training programs offered for the project, and the proposed safety plans for the project;
9. Financial condition; and
10. Project ownership.

B. Project Characteristics

Factors to be considered in determining the project characteristics include:

1. Project definition;
2. Proposed project schedule;

3. Operation of the project;

4. Technology, technical feasibility;

5. Conformity to laws, regulations, and standards;

6. Environmental impacts;

7. Condemnation impacts;

8. State and local permits; and

9. Maintenance of the project.

C. Project Financing

Factors to be considered in determining whether the proposed project financing allows adequate access to the necessary capital to finance the project include:

1. Cost and cost benefit to the responsible public entity;

2. Financing and the impact on the debt or debt burden of the responsible public entity;

3. Financial plan, including overall feasibility and reliability of plan; operator's past performance with similar plans and similar projects; degree to which operator has conducted due diligence investigation and analysis of proposed financial plan and results of any such inquiries or studies.

4. Estimated cost; and

5. Life-cycle cost analysis.

D. Project Benefit and Compatibility

Factors to be considered in determining the proposed project's compatibility with the appropriate local or regional comprehensive or development plans include:

1. Community benefits, including the economic impact the project will have on the Commonwealth and local community in terms of amount of tax revenue to be generated for the Commonwealth and political subdivisions, the number jobs generated for Virginia residents and level of pay and fringe benefits of such jobs, the training opportunities for apprenticeships and other training

programs generated by the project and the number and value of subcontracts generated for Virginia subcontractors.

2. Community support or opposition, or both;

3. Public involvement strategy;

4. Compatibility with existing and planned facilities; and

5. Compatibility with local, regional, and state economic development efforts.

VIII. Comprehensive Agreement

The Governor, upon advice from interested and affected members of the Governor's cabinet, shall approve any comprehensive agreement entered into pursuant to the PPEA between the Commonwealth and a private provider. The Commonwealth shall accept no liability for acquiring, designing, constructing, improving, renovating, expanding, equipping, maintaining, or operating the qualifying project prior to entering into a properly executed comprehensive agreement. Each comprehensive agreement shall define the rights and obligations of the responsible public entity and the selected proposer with regard to the project.

The terms of the comprehensive agreement shall include but not be limited to:

1. The delivery of maintenance, performance and payment bonds or letters of credit in connection with any acquisition, design, construction, improvement, renovation, expansion, equipping, maintenance, or operation of the qualifying project;

2. The review of plans and specifications for the qualifying project by the Commonwealth, it agencies or instrumentalities;

3. The rights of the Commonwealth to inspect the qualifying project to ensure compliance with the comprehensive agreement;

4. The maintenance of a policy or policies of liability insurance or self-insurance reasonably sufficient to insure coverage of the project and the tort liability to the public and employees and to enable the continued operation of the qualifying project;

5. The monitoring of the practices of the operator by the Commonwealth, its agencies or instrumentalities to ensure proper maintenance;

6. The terms under which the operator will reimburse the Commonwealth for services provided;

7. The policy and procedures that will govern the rights and responsibilities of the Commonwealth and the operator in the event that the comprehensive agreement is terminated or there is a material default by the operator including the conditions governing assumption of the duties and responsibilities of the operator by the state agency or institution and the transfer or purchase of property or other interests of the operator by the responsible public entity;

8. The terms under which the operator will file appropriate financial statements on a periodic basis;

9. The mechanism by which user fees, lease payments, or service payments, if any, may be established from time to time upon agreement of the parties. Any payments or fees shall be set at a level that is the same for persons using the facility under like conditions and that will not materially discourage use for the qualifying project;

   a. A copy of any service contract shall be filed with the Commonwealth.

   b. A schedule of the current user fees or lease payments shall be made available by the operator to any member of the public upon request.

   c. Classifications according to reasonable categories for assessment of user fees may be made.

10. The terms and conditions under which the responsible public entity may contribute financial resources, if any, for the qualifying project;

11. A periodic reporting procedure that incorporates a description of the impact of the project on the Commonwealth; and

12. Such other terms as the Commonwealth may find necessary and convenient, that are agreed to by the private partner(s).

Any changes in the terms of the comprehensive agreement as may be agreed upon by the parties from time to time shall be added to the comprehensive agreement by written amendment.

Parties submitting proposals understand that representations, information and data supplied in support of, or in connection with proposals plays a critical role in the competitive evaluation process and in the ultimate selection of a proposal by the Commonwealth. Accordingly, as part of the Comprehensive Agreement, the prospective operator and its team members shall certify that all material representations, information and data provided in support of, or in connection with, a proposal is true and correct.

Such certifications shall be made by authorized individuals who have knowledge of the information provided in the proposal. In the event that material changes occur with respect to any representations, information or data provided for a proposal, the prospective operator shall immediately notify the Commonwealth of same. Any violation of this section of the Comprehensive Agreement shall give the Commonwealth the right to terminate the Agreement, withhold payment or other consideration due, and seek any other remedy available under the law.

Appendix C

CHAPTER 897

An Act to amend and reenact the first and second enactments of Chapter 955 of the Acts of Assembly of 2003, and to amend Chapter 955 of the Acts of Assembly of 2003 by adding a third and fourth enactment, relating to the Capitol Square Preservation Act of 2003.

[H 105]

Approved April 15, 2004

Be it enacted by the General Assembly of Virginia:

1. That the first and second enactments of Chapter 955 of the Acts of Assembly of 2003 are amended and reenacted, and that Chapter 955 of the Acts of Assembly of 2003 is amended by adding a third and fourth enactment as follows:

1. § 1. Title. This act shall be known and may be cited as the "Capitol Square Preservation Act of 2003."

§ 2. Pursuant to § 2.2-2264 of the Code of Virginia, the General Assembly hereby authorizes the Virginia Public Building Authority to undertake the construction and improvement of the following projects including, without limitation, constructing, improving, maintaining, and renovating buildings, facilities, improvements, and land therefor; and to exercise any and all powers granted to it by law in connection therewith, including the power to finance all or any portion of the cost thereof by the issuance of revenue bonds in a principal amount not to exceed ~~$118,570,000~~ *$130,978,000* plus amounts needed to fund issuance costs, reserve funds, original issue discount, interest prior to and during construction or renovation and for one year after completion thereof, and other financing expenses.

Agency	Project Description	Amount
Dept. of General Services	Renovate Capitol Building	~~$54,492,000~~ *$63,732,000*
	Construct ~~new northern entrance~~ *southern extension* for Capitol Building	~~$13,528,000~~ *$19,319,000*
	Renovate Old State Library to accommodate temporary closure of the Capitol Building	$ 3,848,000
Subtotal		~~$71,868,000~~ *$86,899,000*
Dept. of General Services	Construct and improve Capitol Square utilities	$2,036,000
Dept. of General Services	Renovate and expand Old Finance Building	~~$31,520,000~~ *$26,284,000*
Dept. of General Services	Renovate Washington Building	~~$13,146,000~~ *$15,759,000*
GRAND TOTAL		~~$118,570,000~~ *$130,978,000*

§ 3. The Virginia Public Building Authority is also authorized to exercise any and all powers granted to it by law in connection therewith, including the power to finance the cost thereof by the issuance of revenue bonds not to exceed the principal amount set forth plus amounts needed to fund issuance costs, reserve funds, original issue discount, interest prior to or during improvement and for up to one year after completion of the improvement, and other financing expenses.

§ 4. Notwithstanding the foregoing, the Virginia Public Building Authority shall not take any action in regard to the renovations of the Old Finance Building and Washington Building projects included in § 2, including the issuance of bonds, that will financially obligate the Commonwealth except as provided in this section.

The Governor shall prepare and release a plan to the Chairmen of the Senate Finance Committee and House Appropriations Committee on or before December 1, 2003, providing alternatives to the issuance of bonds for completing the renovations included in § 2 for the Old Finance Building and Washington

Building projects. Such alternatives shall include detailed information on the feasibility of entering into public-private partnerships for completing such renovations, including, but not limited to, entering into a comprehensive agreement with a private entity for the completion of such renovations pursuant to The Public-Private Education Facilities and Infrastructure Act of 2002 (§ 56-575.1 et seq. of the Code of Virginia). In addition, the plan shall identify the proposed tenants of each of the Old Finance and Washington Buildings, respectively, who will be occupying office space in such buildings immediately after completion of such renovations. In no case shall any action be taken that will financially obligate the Commonwealth, except costs incidental to the preparation and release of such plan, in regard to the renovations of the Old Finance Building and Washington Building projects included in § 2 prior to March 31, 2004.

The Department of General Services shall provide written notice to the Virginia Public Building Authority no sooner than March 31, 2004, identifying the renovations, and the expected costs thereof, for the renovations included in § 2 for the Old Finance Building and Washington Building projects that will be undertaken and completed by entities other than the Authority (in accordance with the Governor's plan provided herein), including, but not limited to, renovations to be completed pursuant to a comprehensive agreement with a private entity under the provisions of The Public-Private Education Facilities and Infrastructure Act of 2002. Upon receipt of such notice, the Virginia Public Building Authority shall undertake and complete, and may issue bonds to finance, the costs of all other renovations for the Old Finance Building and Washington Building projects included in § 2.

~~The provisions of this act authorizing the Virginia Public Building Authority to issue bonds for the renovations for the Old Finance Building and Washington Building projects included in § 2 are conditioned upon the Governor preparing and releasing the plan described in this section by December 1, 2003, to the Chairmen of the Senate Finance Committee and House Appropriations Committee. If such plan is not released to the Chairmen by such date, the Virginia Public Building Authority shall not issue any bonds under this act for the renovations for the Old Finance Building and Washington Building projects included in § 2.~~

2. That the Joint Rules Committee with the assistance of the Secretary of Administration shall prepare and release a plan to the Chairmen of the Senate Finance Committee and House Appropriations Committee on or before December 1, 2003, to fund the acquisition of fixtures and furnishings, *historic finishes, landscaping, art and artifact restoration, educational exhibits, and related purposes* for the Capitol Building renovation project (included in the Capitol Square Preservation Act of 2003) through private donations or other means of fundraising. The estimated cost of these fixtures and furnishings, *historic finishes, landscaping, art and artifact restoration, educational exhibits, and related purposes* is ~~$5,972,000~~ *$13,825,000*. Any funds raised from private donations or other fundraising for purposes of acquiring fixtures and furnishings, *historic finishes, landscaping, art and artifact restoration, educational exhibits, and related purposes* for the Capitol Building renovation project may be used for such purposes by the Department of General Services after December 31, 2003.

3. The Governor is authorized to implement the plan presented to the Chairmen of the Senate Finance and Rules Committees and House Appropriations and Rules Committees set forth in § 4 of the first enactment of this act providing for the issuance of bonds for completing the renovations of the Old Finance Building and Washington Building projects, including entering into a comprehensive agreement with a private entity for the completion of such renovations pursuant to The Public-Private Education Facilities and Infrastructure Act of 2002 (§ 56-575.1 et seq.) of the Code of Virginia.

4. The Governor shall prepare and release a plan to the Chairmen of the Senate Finance and Rules Committees and House Appropriations and Rules Committees on or before December 1, 2004, for the demolition of derelict buildings and the development of office and parking facilities on certain state-owned property bounded by 8th, 9th, and Broad Streets in the City of Richmond, which shall provide detailed information on the feasibility of entering into public-private partnerships including a comprehensive agreement with a private entity, for the completion of such project pursuant to The Public-Private Education Facilities and Infrastructure Act of 2002 (§ 56-575.1 et seq.) of the Code of Virginia.

Appendix D

	Item Details($) First Year FY2005	Item Details($) Second Year FY2006	Appropriations($) First Year FY2005	Appropriations($) Second Year FY2006

N. Conditions Applicable to Alternative Financing

1. The following individuals, and members of their immediate family, may not engage in an alternative financing arrangement with any agency or institution of the Commonwealth, where the potential for financial gain, or other factors may cause a conflict of interest:

a. A member of the agency or institution's governing body;

b. Any elected or appointed official of the Commonwealth or its agencies and institutions who has, or reasonably can be assumed to have, a direct influence on the approval of the alternative financing arrangement; or

c. Any elected or appointed official of a participating political subdivision, or authority who has, or reasonably can be assumed to have, a direct influence on the approval of the alternative financing arrangement.

OFFICE OF ADMINISTRATION

§ 2-1. DEPARTMENT OF GENERAL SERVICES (194)

C-1.	Improvements: Phase I Improvements at the Seat of Government (16780)			$4,433,000	$0
	Fund Sources: Bond Proceeds	$4,433,000	$0		
C-2.	Acquisition: Acquire Virginia Retirement System Parking Deck (16996)			$5,700,000	$0
	Fund Sources: Bond Proceeds	$5,700,000	$0		
C-3.	Improvements: Modify Ninth Street Office Building for New Tenants (17082)			$1,632,000	$0
	Fund Sources: Bond Proceeds	$1,632,000	$0		
C-3.10.	New Construction: Phase I: Replacement of the 8th and 9th Street Office Buildings (17091)			$0	$2,497,000
	Fund Sources: Bond Proceeds	$0	$2,497,000		
	Total for Department of General Services			$11,765,000	$2,497,000
	Fund Sources: Bond Proceeds	$11,765,000	$2,497,000		

§ 2-2. DEPARTMENT OF VETERANS SERVICES (912)

C-4.	Maintenance Reserve: Maintenance Reserve for Veterans' Care Center (17073)			$50,000	$50,000
	Fund Sources: Special	$50,000	$50,000		
	Total for Department of Veterans Services			$50,000	$50,000
	Fund Sources: Special	$50,000	$50,000		
	TOTAL FOR OFFICE OF ADMINISTRATION			$11,815,000	$2,547,000

Appendix E

Appendix E

8H Street Office Building Assessment

The following is a preliminary listing of work that would need to be completed to meet current building codes, eliminate environmental exposures, resolve life safety issues, replace systems which have surpassed their operating or useful life, and complete the exterior skin stabilization / rehabilitation.

General Items

- The existing building consists of a basement level and twelve stories above grade totaling approximately 126,933 gross SF.
- The only exiting stairwell currently servicing all floors leaves dead-end corridors on each floor. A new exit stair(s) would need to be added into a location(s) that would eliminate these dead-end conditions and provide two means of egress from all areas. The existing stairwell construction would need to be updated to the current code including architectural changes, stairwell pressurization, fire protection, life-safety communications and annunciation.
- Lead paint is known to exist throughout the building and is in need of limiting exposure to occupants.
- Due to the existence of constant moisture infiltration through the exterior skin and leaks in the basement, a detailed study for the existence of mold needs to occur.

Site Work

- The existing sidewalks are severely damaged and entrances to the building do not provide ADA access.
- There are waterproofing repairs needed to the connection to the electrical vaults in the sidewalk. Vaults in the sidewalk tops also need repairs/ replacements due to water infiltration and corrosion of steel beams.
- The site provides no parking for the current occupants.

Substructure

- Standing water and water infiltration is known to occur in the basement level.
- A large crack in the granite west elevation and the displacement of the window head may be caused by foundation settlement. It is not know if this is a static or dynamic settlement and the foundation wall below requires further investigation and analysis.

Superstructure

- Water damage caused by leakage thru the exterior skin and windows of the building has caused rust jacking throughout the exterior skin. An investigation as to structural damage to these load-bearing walls and of adjacent slab areas needs to take place and repairs made.

- Leaking at the terra cotta quoin units on the 8th and 9th Street corners of the structure has caused corrosion of the steel column behind. This may have caused major structural decay of the columns for the full height of the building. The full impact of this decay is unknown.

Exterior

- All existing Brick, Limestone, Granite, Marble and Cast Stone and Terra Cotta joints need to be repaired, replaced, tuck-pointed, and sealed for expansion.
- All windows have had continual leaks, are not energy efficient, and need to be replaced.
  There are four different types of exterior windows in varying states of disrepair with several dating back to original construction.
- Metal Straps on the exterior that once held signage has eroded and deteriorated the exterior wall.
- Thru-wall grill openings need to be repaired or removed in all locations as they are a source of water infiltration.
- All steel lintels on the exterior skin need replacement due to rusting and deterioration. Weep holes above the lintels over time have been caulked, causing water to pond in the wall cavity and rust the lintels.
- The terra cotta cornice needs repair to due poor patching, wide open cracks and open joints.
- The exterior skin has been in-filled and/or abandoned several architectural elements of the original building. This includes windows and openings filled with plywood or brick.
- An analysis of the building envelope has shown that condensation forms in the exterior wall cavity whenever the outside air temperature falls below seventeen degrees Fahrenheit due to the lack of insulating values of the exterior wall assembly.
- Incompatible patches and repairs have been created at several locations throughout the life of the building. These would need to be removed and properly repaired.
- All cast stone sills are in poor condition and show a long history of water infiltration at these locations (from the third to the tenth floors). This has caused disintegration of the reinforcing steel behind, and will require that all reinforcing steel and sills be replaced.
- There is severe distress in the masonry corners of the building.
- The entire building exterior needs to be further studied to identify additional needed repairs.
- The last thorough construction estimate of the exterior repairs was created by an independent consultant firm in August 1997. The estimate of repairs for the exterior envelope was $6,881,463 for hard costs only and was based on third quarter 1996 prices. They recommended a 5% yearly escalation factor until construction started. Not taking into account continuing degradation of the structure (which is definitely occurring at an accelerated rate) this would put the estimate for an eight year escalation period at $10,167,054 if the project were to commence today.

Roofing and Moisture Protection -

- The existing roof is past its useful life and in need of replacement of all flashings. Water penetration into the existing masonry wall is evident. The roof also has no emergency overflows and is not code compliant.
- All exterior downspouts need replacement.

Elevators

- Elevators have been recently upgraded. Due to the physical restrictions in the shaft dimensions, the elevators due not comply with current code. Reconstruction and enlargement of the cabs and shafts would be required to ensure code compliance.

Fire Protection

- The stairwell construction would need to be updated to the current code. In addition to architectural changes, this would require the addition of an Area of Rescue Assistance with a two-way communication system in each stairwell at every floor level. This would also require the addition of a stairwell pressurization system for each stairwell.
- A standpipe system exists in the stairwell but does not appear to be connected to the sprinkler system. It is run vertically through the electrical closets and is a code violation.
- Hose stations would have to be reconfigured to meet the current code.
- Dry-pipe pre-action sprinkler system would be required to be added in the elevator machine room and in the top and bottom of elevator shafts.
- All sprinkler heads should be replaced since most head layouts will need to be modified to meet the new floor plan and code.
- No backflow preventer exists on the sprinkler system. Due to this, and the replacement of the standpipe system and extensive head modifications required, the replacement of the entire sprinkler system will be necessary.

Plumbing

- The current restroom facilities are not ADA compliant and will have to be re-designed to meet current code requirements.
- New equipment and insulation would be required to meet the 2000 International Energy Conservation Code (IECC) for thermal efficiency.
- Domestic water piping and sanitary waste pipes were replaced over 35 year years ago and require extensive modifications to become code compliant.
- The current storm system needs further evaluation to determine if it could be reused.

Mechanical

- Due to the age of the through wall heat pumps throughout the facility, these units should be replaced to eliminate the constant maintenance problems.

- Numerous code violations such as using the corridor as a return air plenum, routing flexible ductwork thru full height walls, missing fire dampers and exhaust duct through electrical rooms need to be resolved.
- Toilet exhaust needs to be brought up to current code requirements; a new exhaust system will be required.
- Ventilation needs to be provided to the entire building. The wall units do not have sufficient filtration to remove outdoor contaminants. A central ventilation system is required to provide outside air that is filtered, tempered and of a constant airflow to meet code.
- The water source heat pump condenser loop rises within the electrical closets, and is tied to a cooling tower which was installed in 1969. The chemical treatment station is inoperable and chemical feeding is done by hand.
- Central heating and cooling systems should be provided to optimize energy efficiency and reduce the maintenance expense.
- The entire mechanical system is in need of replacement.

Electrical

- The existing electrical rooms are too small and do not meet National Electrical Code (NEC) working clearance requirements. The electrical rooms will have to be enlarged and equipment relocated/replaced to meet the current code.
- The switchboard is a four component unit rated at 3000 amps, was installed in the 1960's and is in need of replacement.
- The present bus duct installation does not meet NEC access requirements.
- Fire stopping is missing throughout the electrical distribution system.
- The existing lighting installation does not conform to the 2000 IECC and will have to be redesigned and replaced to meet current code. Battery packs and exit signs are also insufficient.
- The building lacks any lightning protection.
- A generator should be provided to serve life safety equipment for a high rise facility.

Appendix F

Appendix F

9TH Street Office Building Assessment

A tour was conducted for the purpose of reviewing the existing conditions of the 9th street Office Building to bring it into compliance with current building codes. Current code is 2003 Virginia Uniform Statewide Building Code (VUSBC), also under the State's Construction and Professional Services Manual (CPSM).

The following is a preliminary listing of the items that would need to be addressed to bring the building to the current code requirements.

General Items

- The existing building consists of a basement level and ten stories above grade totaling approximately 183,167 gross SF.
- The exiting exit paths and stairwells currently leave dead-end corridors on each floor. A new exit stair(s) would need to be added into a location(s) that would eliminate these dead-end conditions and provide two means of egress from all areas. The existing stairwell construction would need to be updated to the current code including architectural changes as well as fire protection, life-safety communications and HVAC items.
- Asbestos is known to exist throughout the basement level of the building and in elevator spaces on all floors. Certain spaces were recommended to be sealed-off to all personnel until remediated. An investigation for the entire building should be undertaken to insure the safety of all employees. To remove/remediate the known material, the entire building must be vacated during the work.

Site Work

- The existing sidewalks are severely damaged including many cracks, changes in elevations and poorly placed patches. This is particularly evident on the 9th street side near the buildings main entrance. These conditions represent a hazard to employee and public safety and all sidewalks and curbing needs to be replace

Substructure

- Standing water and mold were observed in the original boiler room and the basement under the west alleyway. Building perimeter walls appear to have little or no waterproofing and cracks are allowing groundwater to seep into the building. Portions of the walls need to be removed and repaired. Mold needs to be eliminated and a system for the removal of water from possible future leakage needs to be installed.
- Several columns were noted to have damage on the lower third of their length – possibly caused by flooding during the buildings life. This damage includes spalling of tile and rusting structural steel components. Approximately 25% of the basement level columns need to have structural repairs.

Superstructure

- The existing structural slabs have numerous penetration and supports for HVAC equipment that have been added over the years. Each of these needs to be evaluated by a structural engineer for impact on the floor loading capabilities of the original design and reinforced as appropriate.
- According to "Building Regulation" signs at the elevator lobby on each floor, the south wing of the building is only capable of a "Maximum Uniformly Distributed Load" of 30 pounds per square foot of building area. This is twenty pounds below current minimum building code standards. The entire structure of the south wing will need to be reinforced. This will necessitate architectural, mechanical and electrical changes as well to accomplish the structural upgrade.
- If the "Building Regulation" signage is intended to include both the "live" (people) and "dead" (furniture, fixtures and equipment) loads of the building, then the entire building superstructure must be reinforced immediately.
- Water damage and mold caused by leakage thru the exterior windows of the building has recently been cosmetically repaired (cleaned and painted over). An investigation as to structural damage to these load-bearing walls and of adjacent slab areas needs to take place and repairs made.
- The floor structure on the 9th floor, south wing, is a wood infill of the original assembly area. The structure was not open for inspection, but needs evaluation by a structural engineer for floor loading capabilities and condition.
- The current slabs have deflected as much as 2 inches or more from bearing walls out to in mid-span. A light weight topping slab would be needed to level the floors as an improvement if the building were renovated. A topping slab will add some weight to the floor structure which would need to be considered in calculating the proposed strengthening method.
- The floor to floor heights in the building are marginal at best and do not allow for a suspended ceiling to contain a centrally distributed ventilation system. The building currently has no ventilation in corridors because of the lack of ceiling height to install ductwork. Retaining the existing floor structure will perpetuate this problem.

Exterior

- All existing Masonry, Terra Cotta and Stone needs to be repaired and tuck-pointed.
- The windows continually have leak problems, are not energy efficient, and need to be replaced.
- Thru-wall grill openings leak and need to be repaired or filled in if a new HVAC system is installed.
- The copper cornice and conductors needs repair.
- The shed on the roof needs to be replaced or removed and new roofing installed.
- The entire building exterior needs to be cleaned to further identify additional needed repairs.

Roofing and Moisture Protection

- Walk platforms need to be installed to facilitate maintenance of the roof-top mounted mechanical equipment.
- The roof and glass cover over the main lobby needs to be repaired or replaced.

Elevators

- All elevator cabs are below current standards.
- Planning for replacement/upgrade of existing equipment should take place.

Fire Protection

- The stairwell construction would need to be updated to the current code. In addition to architectural changes, this would require the addition of an Area of Rescue Assistance with a two-way communication system in each stairwell at every floor level. This would also require the addition of a stairwell pressurization system for each stairwell, which requires tight construction.
- A standpipe system would be required in each stairwell at the intermediate landing, with hose valve on each intermediate landing.
- Hose stations would have to be reconfigured to meet the current code.
- Dry-pipe pre-action sprinkler system would be required to be added in the elevator machine room and in the top and bottom of elevator shafts.
- All sprinkler heads should be replaced since most head layouts will need to be modified to meet the new floor plan and code.
- The addition of the standpipe system and extensive head modification would suggest the replacement of the entire sprinkler system.
- After design and hydraulic calculation of the new system, with new water flow data, the fire pump can be evaluated. But due to it's age and the installation of a new sprinkler system, fire pump replacement would be a practical approach.
- Fire pump disconnect switch needs to be moved from below the fire main entering the building basement.
- The existing fire alarm control panel is obsolete with unattainable parts. The panel will have to be replaced with an operable system.

Plumbing

- The current restroom facilities are not ADA compliant and will have to be re-designed to meet current code requirements.
- Due to the age of the water heaters, storage tanks and pumps and the presence of asbestos insulation, leaks and the potential for architectural changes, the domestic water system should be replaced in its entirety. It is also unknown whether lead solder exists, so replacement is recommended. New equipment and insulation would be required to meet the 2000 International Energy Conservation Code (IECC) for thermal efficiency.
- Due to the age of the sanitary system and existing problems with leaks and noise, and potential architectural changes to the facility, the sanitary and vent piping systems should be replaced in their entirety.
- The current storm system needs further evaluation to determine if it could be reused.

Mechanical

- Due to the age of the packaged terminal air conditioners (PTAC) in each exterior space, these units should be replaced to eliminate the constant maintenance problems.

- The water cooled air conditioning units that currently serve the Capitol Police Headquarters should be replaced and tied into a central system. These units are not providing ventilation air and are currently using domestic water for compressor cooling with the waste water discharging to the sanitary drain system.
- Due to age, poor performance, and lack of ventilation, the split system air conditioning unit serving the second floor office area should be replaced.
- Miscellaneous split system air conditioning units throughout the building should be replaced as they are not providing ventilation air, and are not properly sized to provide both ventilation and heating/cooling.
- Numerous code violations such as using the corridor as a return air plenum, routing flexible ductwork thru full height walls and missing fire dampers need to be resolved.
- Toilet exhaust needs to be brought up to current code requirements; a new exhaust system will be required.
- Ventilation needs to be provided to the entire building. The PTAC units do not have sufficient filtration to remove outdoor contaminants; therefore the occupants normally close the outside air damper. Other split system units have no means of providing ventilation air to the space. A central ventilation system is required to provide outside air that is filtered, tempered and of a constant airflow to meet code.
- Central heating and cooling systems should be provided to optimize energy efficiency and reduce the expensive maintenance problems caused by the multitude of individual compressors throughout the building.
- The current floor to floor height in the 9th Street Office Building is approximately 9'-6". Even if a low ceiling height of 8' is installed, this provides less than 12" for ductwork, piping and electrical. If existing structure is reinforced to meet the current code floor loading requirements, the above ceiling space will be reduced even further. This low clearance does not lend itself to routing ductwork and piping for central heating, cooling and ventilation systems. These central systems are essential to provide the Commonwealth a cost effective mechanical system and comfortable office space.

Electrical

- The existing electrical rooms are too small and do not meet National Electrical Code (NEC) working clearance requirements. The electrical rooms will have to be enlarged and equipment relocated/replaced to meet the current code.
- The existing bus duct system has had problems with overheating joints and needs to be replaced. The present bus duct installation does not meet NEC access requirements.
- The electrical closets are not cooled or ventilated and contain equipment other than electrical equipment.
- The existing lighting installation does not conform to the 2000 IECC and will have to be redesigned and replaced to meet current code.
- The terminations to existing panels do not meet NEC and will have to be replaced.
- A generator should be provided to serve life safety equipment.