

Vermont Legislative Joint Fiscal Office

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ISSUE BRIEF

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Capital Bill Issues for 2011 Legislative Session

1. One or Two Year Budget Process: The Capital Debt Affordability Committee offered two capital debt recommendations this year:
 - a. The typical one-year limit of \$76.6 million
 - b. Two-year limit of \$153.2 million.

In the past, the capital bill has always appropriated funds one year at a time. Moving to a two-year appropriations process would provide opportunities to fully fund larger projects and start more projects in the first year. Moving to a two-year process will also involve new processes including: a possible budget adjustment process and trying to figure out how to allocate the funds across two years.

2. Funding of Information Technology (IT) Projects: There are currently several major IT projects currently underway in state government and several more anticipated projects. Two major projects undertaken last year were VISION (financial and human resource system) and VIEWS (agency of human services eligibility system) which are expected to need approximately \$10 million in funding in FY12 and more in FY13.

The state does not have a well defined strategy for how to finance such projects. Therefore, the FY11 Big Bill called for “the secretary of administration, working in collaboration with the state treasurer, shall study long term options for financing information technology infrastructure needs.” (Act 156 of 2010 § E.100.3) This report is due December 1, 2010. The legislature may want to adopt a financing structure for undertaking such projects.

3. Health Lab: The state and UVM have been working together to create a joint health lab. A building was bought but will now require renovation/construction. The estimated cost of such work is approximately \$25 million.
4. School Construction: There is \$28 million in state obligations for school construction projects. Over the last few years the capital bill has funded this obligation at \$7-\$10 million per year. The moratorium on state aid for school construction is still in effect so that the only new projects that will qualify for state aid are emergencies and consolidations.
5. State Hospital in Waterbury: The legislature set aside \$10 million last year for this project. Completing this project will require an additional \$4-5 million. On December 3, The Public Oversight Commission will vote on their recommendation for the Certificate of Need.

(Note: there are other elements to the overall state mental health care plan that are separate from this specific project.)

6. Judiciary: The judicial restructuring bill asked for a review of the Americans with Disabilities Act (ADA) compliance of county courthouses. This review is likely to find many ADA deficiencies.
7. Westminster Police Barracks: The land for this barracks is being bought. The building will cost \$5 million.
8. Shaftsbury police barracks: The legislature may want to discuss the option of consolidating the Shaftsbury and Rutland police barracks. If so, such a consolidation will have some capital costs depending on the options chosen.
9. Montpelier Heating Plant: The state boilers and woodchip system are currently in the floodplain. The capital bill has acknowledged this problem over the last few years and different solutions are being explored. One possible solution is capacity expansion in partnership with the city of Montpelier to support the \$8 million federal grant that was awarded to the city in January 2010 (note: requires a 50% match).
10. Redstone: The Secretary of State is currently housed in the Redstone building, but will be moving to 128 State Street in the spring after renovations are completed. The commissioner of Buildings and General Services has the authority to sell Redstone. The legislature may want to investigate alternative uses and the costs of keeping and renovating this building.
11. Unspent \$: Over the past years, there have been funds allocated to capital projects that have not been spent because of various issues including: delayed construction projects, partial funding of major projects which could not move forward without full funding. The legislature should keep an eye on funds that were allocated but not spent over the last several years and reevaluate future funding.