

**REPORT OF THE
DEPARTMENT OF GENERAL SERVICES**

**The Feasibility of a Public-Private
Partnership for the Addition of an
Office Structure on the Top of an
Existing Parking Deck, Including the
Identity of the Proposed Tenants**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



HOUSE DOCUMENT NO. 91

**COMMONWEALTH OF VIRGINIA
RICHMOND
2005**



COMMONWEALTH of VIRGINIA
Department of General Services

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Director

November 17, 2005

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The Honorable John H. Chichester, Chairman
Senate Finance Committee
General Assembly Building, Room 626
Capitol Square
Richmond, Virginia 23219

The Honorable Vincent F. Callahan, Jr., Chairman
House Appropriations Committee
General Assembly Building, Room 947
Capitol Square
Richmond, Virginia 23219

Gentlemen:

Item C-2 of the 2005 Acts of the Assembly, Chapter 951, directs:

"The Department of General Services to prepare and release a plan to the Chairmen of the House Appropriations and Senate Finance Committees on or before December 1, 2005, on the feasibility of entering into a public-private partnership for the addition of an office structure on the top of the existing parking deck, including, but not limited to, entering into a comprehensive agreement with a private entity for the addition of such structure pursuant to the Public-Private Education Facilities and Infrastructure Act of 2002 (§56-575.1 et seq., Code of Virginia). In addition, the plan shall identify the proposed tenants who will be occupying the structure upon completion."

The Public-Private Education Facilities and Infrastructure Act of 2002 (PPEA) allows public entities to create public-private partnerships for the development of a wide range of projects. Consistent with the provisions of the PPEA, in July 2004 the Department of General Services received an unsolicited conceptual proposal for the development, financing, design and construction of an office building atop of the existing parking deck on the south side of East Franklin Street between 8th and 9th Streets in downtown Richmond. DGS made a decision to accept the proposal for conceptual phase consideration (Part 1), and posted a public notice announcing its decision. During the public notice period no additional firms submitted proposals. The original conceptual proposal suggested two development alternatives for the site:

1. Construction of an office building built atop of the existing eight level parking structure and,

2. Construction of both an office building and additional parking over the existing parking structure. Total Gross Square Feet to be constructed for both options was estimated by to be approximately 251,000.

As part of its review process the Department of General Services engaged an outside consultant to assist in consideration of the unsolicited proposal. The major conclusions in the consultant's report may be summarized as follows:

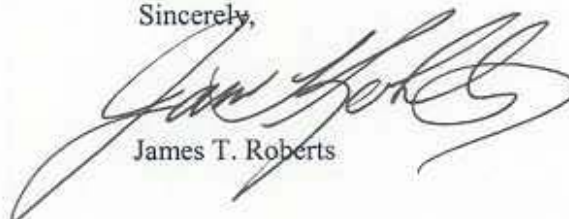
- Overall the offeror is qualified and has experience with comparable construction projects.
- The mechanical systems for the proposed building are acceptable.
- Continued use of the parking garage during the construction project itself does not appear to be feasible, contrary to the approach contemplated in the proposal.
- The consultant's review indicates concerns about the existing foundation of the parking structure being adequate to support the proposed construction
- The proposed construction will result in traffic congestion on 8th, 9th and Franklin Streets, and would likely occur during a period when the State Capitol's new Bank Street entrance is just opening.
- The proposed exterior curtain wall does not appear to be architecturally appropriate in relation to the surrounding facilities.
- The overall construction schedule appears to be overly aggressive in light of the current predictions of material demands in the construction industry which will also impact the costs (estimated to be 30-35% higher than what is proposed) provided in the proposal.

Since receipt of the unsolicited PPEA proposal the Commonwealth has also completed an update to the *Capitol Square Master Plan*, which was approved by Governor Warner earlier this year. The Master Plan was developed pursuant Chapter 887 of the 2002 legislative session (2002 Appropriations Act). The Master Plan focuses on a 10 year development program, identifying facility needs of state agencies within the Capitol Square Complex and an urban design framework to guide future state construction efforts. The Master Plan does not contemplate the construction of a new office building atop the existing parking deck on the south side of East Franklin Street between 8th and 9th Streets. Rather, this location is identified in the Master Plan only as a parking facility.

Considering all these issues, we conclude justification to proceed with the proposed development is not supported. Based on this conclusion, identification of "proposed tenants" for such development was not investigated. No later than November 30, 2005 the earnest money deposit accompanying the original proposal will be returned to the partnership which submitted it.

Please feel free to contact us if you have any questions.

Sincerely,



James T. Roberts

c: The Honorable Sandra D. Bowen