



BOARD *of* GOVERNORS

State University System of Florida

State University System PECO LBR

November 8, 2018

**Chris Kinsley, Assistant Vice Chancellor,
Finance and Facilities**



Maintenance, Repair, Renovation & Remodel

Clearing Common Misconceptions about MRR&R

- MRR&R is not the same as Plant Operations and Maintenance (PO&M)
 - MRR&R is Fixed Capital Outlay funded from PECO
 - PO&M is E&G Operations funded from General Revenue
 - PO&M has not been funded for the past 3 years
 - MRR&R has always been funded; last year was \$47 M
- The statutory formula amount alone is not adequate; Formula amount is \$52 M / Sightlines recommends a range of \$200 - \$350 M.
- Each university gets a fair share of MRR&R based on facility age and size.

Conclusion:

Staff recommendation is to maintain the \$52 M as part of the Board's LBR.



PECO SUS Project List

Considerations in Building the List

- Statutory Requirement for a 3 year PECO list, within set PECO allocation.
- Only completed projects serve students.
- Need to address mission critical problems
 - UF Boiler
 - New College Multi-Purpose Building
- The recommendation favors small dollar projects and big projects needing small remaining amounts.
- I.e. It's a zero sum game - shifting sufficient funds to complete 1 large project, results in 2 or 3 smaller projects being deferred.

Conclusion:

The perceived value of the Board's list is that it is principal based; and over time each university has an opportunity to advance its capital planning goals.



House and Senate Joint Rules

Considerations in Building the List

1. Projects on the Board's list, Year's 1, 2 and 3, do not need Individual Bills.
2. Prior funded projects do not need Individual Bills
3. Any project not covered by 1 or 2, needs a Bill.

The perception is that an amount requested on the Board's list represents what is needed; not simply a nominal or token amount.

The "risk" is if the Board asks for \$1 M the Project will be funded for \$1 M; not \$15 M

Conclusion:

Under current rules, and based on past practice, the Legislature can fund any project on the Board's list, Year's 1, 2 or 3. These would not be rated as "Turkeys" by Taxwatch.