April 16, 2019

**MEMORANDUM**

**TO:** University Presidents

Chairs, University Board of Trustees

 Council of Academic Vice Presidents (CAVP)

 Council of Accounting & Finance Administrators (CAFA)

**FROM:** Tim Jones

Vice Chancellor, Finance/Administration and Chief Financial Officer

**SUBJECT:** 2020-21 Fixed Capital Outlay Budget Request General Instructions

**DUE: July 1, 2019**

  Sections 1001.74(12), 1011.40(1), and 1013.60, Florida Statutes, require each university to submit an institutional budget request within established guidelines.  On March 28, 2019, the Board of Governors approved the final guidelines for the Fixed Capital Outlay (FCO) sections of the State University System’s (SUS) Legislative Budget Request (LBR) for 2020-2021.

**The due date for submission of the Capital Improvement Plans (CIPs) is July 1, 2019.**

At the direction of Chancellor Criser, we have reviewed each element of the FCO required submission to eliminate unneeded components. This has led to significant revisions to both the forms and the instructions, which are explained later in this document.

Please be aware that proposed changes to Florida law may impact these instructions and necessitate revision to the university’s adopted Capital Improvement Plan; nonetheless, we are advising each university to proceed under the guidance document approved by the Board.

After this submittal, revisions or amendments to CIPs will be considered by the Board for inclusion in the LBR or amended LBR as appropriate. The required information should be sent by each university’s president to Mr. Tim Jones, Vice Chancellor, Finance/Administration and Chief Financial Officer, Board of Governors. Each university president’s transmittal letter must indicate the date that the institution’s board of trustees approved the university’s comprehensive fixed capital outlay request.

**Please note that all budget requests must be approved by the university board of trustees no later than June 30, 2019**. The expectation is that all materials, including CIP-3 level detail, be provided and approved by the trustees.

Two (2) hard copies of the institution’s completed documents must be provided in a three-ring binder. In addition, one electronic copy of the forms, in original format (Word or Excel only - please no PDF’s!), must be provided via upload to the Board of Governors’ SUDS Portal. A USB or CD submittal is no longer required. **Failure to use the provided forms can result in inaccurate formulas and old formats which may limit staff’s ability to fairly evaluate projects for suitable funding.**

 **ALL** current forms and instructions may be found here: <https://www.flbog.edu/board/office/fac/budgetinstructions.php>

Additional details regarding form modifications and requirements are located in the enclosed instructions. If your staff have questions regarding the submission of the required information, please have them contact Mr. Kenneth Ogletree at (850) 245-9254 or via email at Kenneth.Ogletree@flbog.edu.

**Transmittal Letter and Narrative Overview – (Formerly CIP-1)**

A Transmittal Letter and Narrative Overview is now required. While the format is now open-ended, this document must contain the following information:

1. Signed by the Board Chair.
2. Date BOT approved the submittal and link to meeting materials.
3. Explanation of major changes to submittal since previous 2019-20 submittal.
4. Primary university contact.
5. If the university is requesting legislative authority to use carry forward funds to meet the requirements of Board of Governors’ Policy Guideline #3, *Capital Renewal and Stewardship of Existing Facilities,* the university must provide:
6. The title of the project being requested, and
7. A detailed description of the scope of the project on the CIP-2 Form.
8. All requests for Debt or P3 Authorization for FY 2020-21.
9. Any Reversions, Reappropriations, or other special legislative fixed capital outlay (FCO) requests not covered by item “e.”

**CIP-2, Summary of Projects**

The CIP-2 form has been changed. The CIP-2A is for PECO Projects; the CIP-2B is for Capital Improvement Trust Fund (CITF) projects; and the CIP-2C is for all other funding sources. The CIP-2A and CIP-2B must separately prioritize. Projects with funding in multiple categories should show the funding level in each of the CIP-2A, CIP-2B, and CIP-2C forms.

**CIP-2A, PECO Projects Only**

Only projects with current survey recommendations should be included here. If the university has a project which is not survey recommended, please contact Mr. Ken Ogletree immediately.

Funding will be requested for institutional survey-recommended PECO projects in the following priority order:

1. **Remodeling/Renovation/Maintenance/Repair**

Funds will be requested from PECO pursuant to formula as required by section 1013.64(1)(a), Florida Statutes, and should not be included by the university on the CIP – this funding will be requested as the top system issue by the Board of Governors.

1. **Projects Previously Funded by the Legislature**

Projects previously funded by the Legislature, effective July 1, 2017, or later, should be listed next on the CIP; these are considered “Previously Funded”. If a university has more than one such project, priority should be given to those projects which can be most rapidly brought to completion. [[1]](#footnote-1)

1. **Capital Renewal and Stewardship of Existing Facilities[[2]](#footnote-2)**
	1. Subsystem Requests - Each board of trustees shall prioritize capital renewal and stewardship projects for individual subsystems of existing facilities which have failed or are functioning with substantial degradation in efficiency or performing at increased cost. This must be done on a line item basis.[[3]](#footnote-3)

b. Multiple Subsystem Requests - Renovation of multiple subsystems of an existing facility may be requested only if approved pursuant to an Educational Plant Survey.

c. Demolition - Funding for demolition of an existing facility may be requested only if approved pursuant to an Educational Plant Survey.

**4. New Facility Requests[[4]](#footnote-4)**

A New Facility Request must address the following demand indicators[[5]](#footnote-5):

* 1. Will it improve the national ranking of a specific college; e.g. Music, Business?
	2. Will it allow for creation of a new academic program?
	3. Will it create both new research capability and capacity; requiring material institutional support?

New Facility Requests must be supported by an: 1) existing Educational Plant Survey recommendation; 2) a business case study; and a 3) Plant Operations and Maintenance (PO&M) Budget Amendment, showing in detail how the existing operating Budget will be adjusted to address the increased PO&M costs without additional state funds. Alternatively, identify non-state funding for the new facility.[[6]](#footnote-6)

**CIP-2B, Capital Improvement Trust Fund (CITF) Projects**

The second section of the form, CITF Project Requests, has been created to capture CITF projects.

**CIP-2C, Non-State Supplemental Funding**

The CIP-2C is intended to capture non-state funding which will supplement a listed PECO or CITF project.

**CIP-3, Project Detail**

 This multi-part form is to be completed for each project that appears on the college and university’s project priority list (CIP-2). Remodeling is defined as the conversion of space to a different use or configuration. Major renovation projects that are primarily restorative and aesthetic, as opposed to remodeling, are also to be presented on this form. While the CIP-3 was designed to support requests for building projects, the narrative section should also be used to provide a description of facilities problems to be remedied by capital projects that expand campus-wide utilities/infrastructure systems. **The information on all components of the CIP-3 must be consistent.**

**CIP-3A, Narrative Description – REVISED**

**All project information in the narrative description must be updated prior to approval by the board of trustees.** This section is devoted to defining the purpose, need, scope, and the relationship of the project to university objectives. This section should be succinct, including only the significant information and justification. A detailed description of the programs to be supported by the project is not required. The greatest emphasis should be placed on problems resulting from inadequate facilities, solutions considered, and methods used to determine space needs.

Any construction costs included in the project budget that are not directly related to the facility, such as extra utilities capacity or lines, site development, roads and parking, etc. should also be briefly explained. The explanation should include a description of the basis used to develop the cost estimate.

Specific strategies for addressing energy efficiencies and sustainability issues should be summarized. References to the level of LEED certification or equivalent certification levels should be addressed.

The narrative must include a specific reference to the Educational Plant Survey approval (survey date and recommendation number in the Educational Plant Survey report), or the status of a request for a survey if requested for projects in future years. In addition, an explanation must be provided if the referenced survey recommendation does not match the type and amounts of space requested on the CIP-3.

**CIP-3B, Project Description**

The project description section on the upper portion of the second page of the CIP-3 is devoted to the reporting of construction costs and occupancy dates. The construction amount should include all costs to be included within the construction contract for a complete and operational project/facility such as site work, parking, and roads for the immediate site area, utility connections, telecommunications/ communication requirements, and site/area landscaping.

Each type of space (classroom, teaching lab, etc.) should be listed separately in order to report differences in the efficiency factor. Only projects containing space types consistent with the nine (9) Educational and General (E&G) categories are eligible for PECO funding requests. Funding of space other than the nine (9) E&G categories should not be included in the PECO portion of the CIP-3B.

**CIP-3C, Schedule of Project Components**

This section is devoted to the reporting of funds requested by the type of cost. Project costs not normally included within a construction budget for a single operational facility should be reported in this section. These costs should be reflected by year and must correlate with the year in which funding is requested for the specific facility(ies) to be served. Examples of such costs are professional inspection services, on-site supervision, artwork, and permitting fees.

When a project results in square footage being added to the institution’s inventory and the facility includes public space pursuant to section 255.043, Florida Statutes, artwork funds must be also requested. These funds should be included in the construction funding year.

Equipment funds should be requested for items that are eligible for furnishings and equipment pursuant to section 1013.64(4)(a), Florida Statutes. Fixed equipment such as fume hoods and essential communication connectivity that are necessary to make a building functional must be included within the estimated construction cost rather than as furnishings and equipment.

The energy efficient equipment line is to be left blank unless special equipment is included within the project such as solar water heating. The normal energy efficient equipment and management systems are considered to be part of the construction cost per gross square foot.

The standard project contingency is five percent (5%). The need for a contingency amount greater than the standard five percent (5%) should be explained in Part 1 - the Narrative Description section of CIP-3.

The sections *Appropriations To-Date* and *Projected Costs Beyond CIP* must be updated annually and completed. All additional sources of funds, both previously appropriated and/or anticipated from other sources, must be identified.

**Summary of Clarifications and Revisions in Instructions from 2019-2020**

1. BOBs are not being required in 2020-2021:
2. BOB 1 – Fixed Capital Outlay Projects Requiring Board of Governors Approval to be Constructed, Acquired, and Financed from Debt. (Now part of the CIP-1.)
3. BOB 2 – Fixed Capital Outlay Projects that May Require Legislative Authorization and General Revenue to Operate and Maintain.
4. BOB 3 – Changes in Previous Appropriations. (Now part of the CIP-1.)
5. The Return on Investment (ROI) Form is not being required in 2020-2021.
6. The Board of Governors is not requesting a specific request for Utility Infrastructure in 2020-2021.
7. The CIP-2 no longer requires that projects that have no connection to the Legislative Budget Request be included. It is contemplated that all Fixed Capital Outlay projects will be approved by the Board; making this section redundant.

TJ/ckl

1. Projects which have not received an appropriation in the past three Legislative Sessions are not considered “Previously Funded” and are subject to a 31-month reversion. [↑](#footnote-ref-1)
2. A university may request legislative authority to expend carryforward reserves to the extent it anticipates the July 1, 2020, Education & General (E&G) reserves will be in excess of the mandatory 5%.These are to be included on the CIP 1. [↑](#footnote-ref-2)
3. For example, Building #10, Roof Replacement, and Building #24, HVAC Repair. [↑](#footnote-ref-3)
4. A university should not request funding for a New Facility unless it can demonstrate, based on an independent analysis, such as Sightlines or APPA that it is demonstrating effective stewardship of its existing facilities. [↑](#footnote-ref-4)
5. A New Facility Request is unlikely to show demand in every category. [↑](#footnote-ref-5)
6. The alternative revenue does not need to be functionally related to the project, and may come from a university direct support organization or Public Private Partnership (P3). [↑](#footnote-ref-6)