April 5, 2022

# MEMORANDUM

**TO:** University Presidents

Chairs, University Board of Trustees

 Council of Academic Vice Presidents (CAVP)

 Council for Administrative & Financial Affairs (CAFA)

 SUS Facility Planners

**FROM:** Tim Jones

Vice Chancellor, Finance/Administration and CFO

**SUBJECT:** Capital Improvement Plan Submittal Instructions for the

2023-24 Legislative Budget Request for Fixed Capital Outlay

**DUE: July 1, 2022**

Sections 1011.40(1), 1013.60 and 1001.706(12), Florida Statutes (F.S.), require each university to submit a legislative budget request for Fixed Capital Outlay (FCO) in the form of a Capital Improvement Plan (CIP), within established guidelines.  On March 25, 2020, the Board of Governors (Board) delegated authority to the Chancellor to develop instructions, guidelines, and the standard format for the FCO section of the State University System’s (SUS) Legislative Budget Request (LBR).

**The due date for submission of all CIPs is July 1, 2022. All projects must have an EPS recommendation in order to be scored, per s 1001.706(12)(c)3, F.S.**

# What’s New

* Form “CIP-2C” has been revised to reflect projects requiring Legislative (Back-of-Bill) authorization pursuant to s.1010.62 and s.1013.71, F.S.
* The Supplemental Funding information previously reflected on CIP-2C has been inserted as a single column on CIP-2A.
* Further refined and simplified the instructions and forms.

# Schedule

* July 1, 2022 Board of trustees-approved CIPs due to the Board
* September 13-14, 2022 Board adopts the FCO LBR at scheduled Meeting
* March 7, 2023 Legislative Session Begins

# CIP Submittal Process

**Please note that finalized CIPs, completed in entirety, must be approved by the university board of trustees (BOT) no later than June 30, 2022** and subsequently submitted by each university’s president to Mr. Tim Jones, Vice Chancellor, Finance/Administration and CFO, Board of Governors, as follows:

* One (1) three-ring binder containing a hard copy of the finalized, BOT-approved CIP.
* One (1) electronic copy of the finalized, BOT-approved CIP, in original format (Word or Excel only; no PDFs) uploaded to the Board of Governors’ SUDS Portal.

**Failure to use the correct forms (with the latest revisions, formulas and formats) can result in rejection of the CIP submittal. ALL** current forms and instructions may be found on the [Board website](https://www.flbog.edu/finance/fco-finance-information/technical-budget-instructions/).

After this submittal, amendments to CIP projects for inclusion in the LBR will only be considered under extenuating circumstances.

Additional details regarding form modifications and requirements are included in the instructions below. Any questions regarding the submission process should be directed to Kevin Pichard at (850) 245-0059, Kevin.Pichard@flbog.edu, or Kristine Azzato at (850) 245-9503, Kristine.Azzato@flbog.edu.

**Directions for Completing the CIP**

# Transmittal Letter (formerly Form CIP-1)

The university president’s Transmittal Letter is required and, while the format is open-ended, must contain the following information:

* 1. Signed by both the President **and** the Board Chair.
	2. Date BOT approved the CIP and a link to meeting materials.
	3. Explanation of major changes to the CIP since previous submittal, particularly a change in priorities.
	4. Primary university contact.
	5. Any reversions, re-appropriations or other special legislative FCO requests. (e.g. Back of the Bill authorizations)

# Summary of Projects (CIP-2)

The Summary of Projects is comprised of three sections: PECO Projects (Form CIP-2A), Capital Improvement Trust Fund (CITF) Projects (Form CIP-2B), and Back of Bill (BOB) Projects (Form CIP-2C). The CIP-2A and CIP-2B must be separately prioritized. Projects with multiple funding sources should list prior and projected non-PECO/CITF funding for each project on Form CIP-3 “Project Funding” Section.

### PECO Eligible Project Requests (Form CIP-2A)

Pursuant to s. 1001.706(12), F.S., universities must list and prioritize new and incomplete (partially funded) PECO projects (i.e. received prior appropriation and require additional PECO funds to complete) on Form CIP-2A. **Please note, universities may include any Survey-Recommended project; however, pursuant to s. 1001.706(12), the Board of Governors will only consider/score those that are i) incomplete (partially funded) PECO projects and ii) the top two priorities for each university.** Points will be assigned using the PECO Points Methodology as approved by the Board.

Only projects Recommended on a university’s most recent Educational Plant Survey may be included on Form CIP-2A. If a project that is not survey recommended at the time of CIP submission (i.e. July 1st), it is not statutorily eligible for scoring and inclusion on the prioritized project list, pursuant to Florida Statutes.

### Capital Improvement Trust Fund (CITF) Projects (Form CIP-2B)

As the title suggests, this section should reflect CITF projects with total project costs of $2 million or more.

### BOB Projects (Form CIP-2C)

# This section should reflect proposed Debt/P3 projects for FY 2023-24 requiring Legislative (Back-of-Bill) authorization pursuant to s.1010.62 and s.1013.71, F.S. Note, a Project Detail (Form CIP-3) is not required for these projects.

**PECO Project Detail (CIP-3)**

This form is to be completed for each project appearing on the Summary of Projects whether new construction, remodeling or renovation.

Essentially, *Remodeling* is the rearrangement of space to a different use or configuration, whereas *Renovation* is primarily restorative and aesthetic, and both are specifically defined in Board Regulation 14.001. *Remodeling* and *Renovation* projects with total costs of $2 million or more are to be reflected. The information in all sections of the CIP-3 must be consistent with that reflected on the CIP-2 (example: Total Project Costs on the CIP-2 should match the CIP-3).

### Project Narrative

The Narrative is devoted to defining the purpose, need, scope, and the relationship of the project to university objectives, and it is required for all projects, including renovation, remodeling, campus-wide infrastructure, etc. It should be succinct and include only significant information and justification. A detailed description of the programs supported by the project is not required; a brief summary will suffice, as the greatest emphasis should be placed on explaining/demonstrating the space need and solutions to problems resulting from inadequate facilities.

If necessary, any extraordinary costs included in total project cost, but not directly related to the facility, such as extra utilities capacity or lines, special site preparation, ancillary roads and parking, etc. should be briefly explained, including a description of the basis used to develop the cost estimate.

If applicable, critical repair and maintenance (i.e. ADA compliance, safety, health issue, etc.) should be emphasized (see s. 1001.706 (12)(a)2 and 6, F.S.)

If the project includes non-PECO sources, such as donations, university funds, etc., please provide a brief description at the end of the Narrative, indicating amounts, sources and timing.

### 1% Reserve Escrow

Generally speaking, each new capital project funded in whole or in part with Legislative appropriations must also have a plan for establishment of a Reserve for future maintenance. Reserve requirements differ depending on the type of project and its funding source, as follows:

* **Renovation** and **Remodeling** – PECO projects require an annual reserve contribution of **1%** of building value, **per s. 1001.706(12)(c), F.S.** Value may be based on insurable value (post completion) or comparable documented replacement value (please specify source in Comments section), or it may be based on the calculation of “Building Value” per s. 1013.64(1), F.S. [i.e. NASF multiplied by the net-to-gross conversion factor multiplied by average new construction cost].
* **New Construction** – construction of an E&G facility, funded in whole or in part with State appropriations, require an annual reserve contribution of **2%** of the total value of the building, **per Board Regulation 14.002**. Building value is based on total construction cost or insurable value upon completion, whichever is greater.

Failure to provide the information in the Reserve Escrow Plan section of the CIP-3 will result in the project being ineligible for ranking and inclusion in the preliminary selection group.

### Building Space Description

This section is devoted to reporting space type, square footage and estimated building construction cost for new construction as well as remodeling and renovation.

Each Space Type (classroom, teaching lab, etc.) should be listed separately in order to report differences in the Net-to-Gross Conversion Factor. Only projects containing space types consistent with the nine (9) Educational and General (E&G) categories are eligible for PECO funding requests. Space types and square footage should be completed and should be comparable to the EPS recommendation.

The “Other” category should reflect the aggregate total of space not included in the nine E&G categories, such that the entire composition of the building is represented in terms of space and cost. For example, “Other” could reflect C&G space in a research facility.

For Remodeling projects, please indicate the applicable square footage by space type in the BEFORE and AFTER columns.

### Project Component Costs & Projections

This section is devoted to the reporting of “Total Project Cost” including prior and budgeted costs for the various project components.

When a project results in square footage being added to the institution’s space inventory, and the facility includes public space, pursuant to section 255.043, F. S., artwork funds must be requested.

Funds should be requested for items that are eligible as moveable furnishings and equipment. Conversely, fixed equipment, such as fume hoods and essential communication connectivity, necessary to make a building functional, must be included within the estimated building cost rather than as moveable furnishings and equipment.

The standard project contingency is five percent (5%). The need for a contingency amount greater than 5% should be explained in the Project Narrative section.

### Project Funding

This section must be updated annually. All additional sources of funds appropriated and/or anticipated from other sources, must be identified.

If funding includes non-PECO sources, such as donations, auxiliary, contracts & grants, etc., please indicate each funding source, the entire ($) amount and the fiscal year when funding is(was) received, even if the full amount is not anticipated until a later date (if necessary, describe the timing of such funds in the Narrative description near the top of the CIP-3). **Note: once a project has been scored/ranked and receives a PECO appropriation, the level of non-PECO funding cannot be decreased without Board approval.**