



FY 2011 - FY 2015 Capital Budget Instructions Manual

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Budget Office
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INTRODUCTION

This manual is the *Capital Budget Instructions* for the FY 2011 - FY 2015 planning period. It describes the policies and procedures by which agencies should prepare capital budget requests for consideration by the Capital Development Planning and Oversight Committee, the Governor, and ultimately the General Assembly.

The Capital Improvement Plan (CIP) is a five-year plan identifying capital projects to be funded during the planning period. The CIP identifies each proposed capital project to be undertaken, the fiscal year in which the project will be started or the property acquired, the amount expected to be expended on the project each fiscal year, and the proposed method of financing these expenditures.

Capital Budgeting Goals

The State of Rhode Island has established several capital budgeting goals to guide the development of Capital Improvement Plans. These goals are:

- Ensure that the state's annual capital budget and five-year capital improvement program is affordable and finances only necessary capital projects.
- Enable informed capital investment decisions according to a fair, open and objective process.
- Emphasize the requirement for long-term planning.
- Enhance the linkage between the capital and operating budgets.
- Institute a practice of annual program budgeting that will result in planned biennial referenda consistent with the capital budgeting process.
- Increase accountability by publishing a document that will identify the individual projects to be funded during the capital-planning horizon.
- Limit debt use to long-term capital improvements and decrease reliance on debt in order to increase flexibility in difficult economic times.

Capital Development, Planning and Oversight Committee

In addition to the capital budgeting goals, the Capital Development, Planning and Oversight Committee was established by RIGL 35-3-7.2(4) with the State Budget Officer as the Chair. This Committee is responsible for evaluating all requests for capital expenditures and making recommendations to the Governor with regards to the development of the Capital Improvement Plan. The Committee is comprised of representatives of the Governor's Office, the Department of Administration, the Budget Office, the Office of Strategic

Planning and others as appointed by the Governor. The Budget Office provides staff support to the Committee, including analysis of all Capital Budget requests.

Informed Capital Budget Decisions

One of the fundamental principles in the capital budget process is making intelligent decisions through consideration of capital requests on the basis of comprehensive project data. Through the use of the capital budget request forms, agencies have the opportunity to be advocates for their requests through the presentation of detailed project information. Quality documentation of the need for and the cost of a project allows for a more meaningful consideration of the project by the Capital Development, Planning and Oversight Committee, the Governor and the Legislature. Thus, it is to each agency’s benefit to be as detailed and specific as possible in their requests by including a full description of the project, the rationale for the project, its costs, future funding requirements, project schedules and associated operating budget impacts.

New Divisions in Department of Administration

In Executive Order 04-04 (Appendix D), Governor Carcieri established two new Divisions within the Department of Administration: the Division of Facilities Management and the Division of Capital Projects and Property Management. The Division of Facilities Management is responsible for coordinating facilities management for Executive Branch state departments and agencies, including but not limited to: operation, maintenance and repair of buildings, grounds, central HVAC, power plants and other facilities. The Executive Order gives authority to Division of Capital Projects and Property Management to assume direct responsibility of real property inventories, strategic planning, budgeting, construction management, space allocation and code enforcement for Executive Branch capital projects.

The centralization of facility management functions has already resulted in many asset protection projects coming under the control of the new Division of Facilities Management. As such, these projects will now be included in this Division’s section of the Department of Administration Capital Budget Request. If you have any questions as to whether an asset protection-type project that was previously included in your agency’s Capital Budget request should still be included or if it will be included in the Administration request, please contact Marco Schiappa at 222-6200.

Similarly, the Division of Capital Projects has assumed control of several capital construction projects, however, the capital budget requests for such projects should still be submitted by the benefiting agency. The Division of Capital Projects, in cooperation with the respective agencies, will assist in developing the capital budget request, but the request should be submitted by the benefiting agency. Some examples of these projects include:

<u>Project Name</u>	<u>Agency Benefiting</u>
State Police Headquarters	State Police
School for the Deaf	Dept. of Education – School for the Deaf
Metropolitan School Expansion	Dept. of Education
Vocational Education Schools	Dept. of Education
Fire Academy	Fire Marshal
Veterans Cemetery	Human Services

Note: Although the Division of Capital Projects will prepare and submit the capital budget requests for these projects, they will still appear under the benefiting agency's section in the Capital Budget document.

New Construction Projects/Feasibility Studies

Requests for new construction projects, such as new buildings or major renovations to existing structures (i.e. change in use), should be included in the request of the agency seeking the new facility. If your agency is looking to build a new facility of any type (office building, laboratory, dormitory, etc.), the only financing that should be requested as part of the first capital budget submission in which such a request will appear should be for a feasibility study. Agencies should not attempt to estimate the cost of new construction or major renovations, since history has shown that such estimates are invariably, and often significantly, understated. As a result, projects are often approved based on faulty information and then require substantial supplemental funding once the true costs are determined. This creates serious problems in the capital budgeting process and has detrimental impact on other capital projects.

The Division of Capital Projects is available to assist agencies in determining how much funding will be required for a feasibility study based upon the type of project sought. Agencies should contact Namvar Moghadam at 222-8207 for assistance.

Land Use Plans

All capital project requests for new physical facilities, structures, buildings, public improvements or public purpose projects with a life expectancy of ten years or longer, and an estimated cost over \$100,000 must be consistent with Land Use 2025: Rhode Island's State Land Use Policies and Plan. (The full report is contained in Appendix E on the Budget web site at www.budget.ri.gov; it can also be found by section on the Statewide Planning web site at www.planning.ri.gov/landuse/policies.htm.)

Capital budget requests shall demonstrate how the siting of new capital projects is consistent with Land Use 2025: Rhode Island's State Land Use Policies and Plan. Such description shall indicate whether the proposed capital project will be located on sites that encourage revitalization of existing facilities, are located in areas that are already served by existing or planned water, sewer, and other public infrastructure and whether such sites are:

- designated as enterprise zone census tracts pursuant to RIGL 42-64.3;
- in blighted and/or substandard areas pursuant to RIGL 45-31-8;
- or in downtown commercial areas where it can be shown the facilities would make a significant impact on the economic vitality of the community's central business district.

Capital budget requests for new facilities, etc. will be sent to the Division of Statewide Planning for review to verify they are consistent with Land Use 2025.

OVERVIEW OF THE CAPITAL BUDGET REQUEST PROCESS

Capital Improvement Plan vs. Capital Budget

The Capital Improvement Plan is not the same as the Capital Budget. The Capital Budget represents the first year of the five-year Capital Improvement Plan and authorizes specific projects and appropriates, where applicable, specific funding for those projects for that fiscal year. Projects and financing sources listed in the CIP for years other than the first year (“out years”) are subject to change in future capital improvement plans. General revenue, federal, restricted, and funding from the Rhode Island Capital Plan Fund require action by the General Assembly prior to being available for expenditure by an agency. Funding from general obligation bonds and certain other sources do not require appropriation by the General Assembly. Please be aware that once funding has been appropriated by the Legislature or earmarked for a particular project as part of the capital plan, funding must be used for that project. Agencies do not have discretion to shift funding between projects or funding sources (i.e. Rhode Island Capital Plan Fund and Bond Funds) without prior approval from the Capital Development Committee, and potentially, the Legislature.

Capital Project vs. Asset Protection vs. General Maintenance

A capital asset is generally defined as a new or rehabilitated physical asset that is nonrecurring (i.e. purchased once), has a useful life of more than ten years, and is expensive to purchase. A capital project is undertaken to acquire a capital asset. Examples of capital projects include the construction of a new public building, major street or highway improvements, and major renovations to an existing structure.

Asset Protection involves major renovations or improvements to existing facilities that would extend the useful life and/or add value to the asset. Examples of asset protection projects include: renovation or replacement of HVAC systems, upgrading of wiring systems, correction of fire code or handicapped accessibility issues, and other regulatory deficiencies.

General maintenance is the on-going process of maintaining existing facilities and structures. Maintenance will extend the useful life of a structure but will not normally add any significant value. Failure to provide general maintenance (i.e. deferred maintenance) will typically result in deterioration to the point where capital expenditures are necessary to restore a facility to useable condition. Funding for general maintenance should be budgeted within an agency’s operating budget and is not eligible for funding within the capital budget.

Policy on Expenditure of Capital Funds

By definition, capital projects should have a clearly defined scope of work that can be used to develop specifications that can be put out to bid. Getting bids or quotes on projects does not necessarily involve the submission of a requisition to Purchasing and all of the associated requirements, but rather, in some cases, can be done directly with vendors who can perform the work needed under an active Master Price Agreement. Agencies are permitted to seek quotes for a specified project from vendors and establish a contract under the MPA for the quoted cost. The cost should be equal to or less than the itemized costs on the MPA. Use of an MPA vendor in this manner is only permissible, however, if the total cost of the project to be completed is within the per release limits established for the respective MPA. If the total costs will exceed these limits, a requisition will be required.

Capital funds, including RICAP, bonds, COPS, etc. should not be used to address normal day-to-day maintenance and repair costs. These types of costs should be charged to operating accounts. Vendors should not be hired on a piecemeal basis to undertake tasks even if it is to accomplish a larger capital project that would ultimately meet the definitions outlined above. These types of projects should be defined by a scope of work and put out to bid as one project, not accomplished by smaller individual projects.

Brief Outline of Capital Budgeting Process

Every state agency requesting or planning the expenditure of funds, regardless of the source, on capital projects over the five-year planning period is required by law to submit a capital budget request or plan. This includes projects funded solely with federal and/or restricted receipt funds. In addition, any agency with previously approved capital projects in the current CIP, must submit a capital budget outlining the status of these on-going projects, even if they are not requesting additional funding for these projects or funding for new projects.

Appropriate forms and associated information, as outlined below, must be submitted to the Budget Office by **July 17, 2009**. Budget Analysts will review and analyze these requests and prepare an analysis with recommendations for the Capital Development, Planning and Oversight Committee.

Agencies may be asked to present an overview of their Capital Improvement Plan request, highlighting their priority projects, to the Capital Development Committee during meetings in August and September. The Budget Office will schedule these meetings after the submission date of July 17, 2009. Subsequent to these meetings, the Committee will develop its recommendations for submission to the Governor.

Rhode Island Capital Plan Fund

As a result of a constitutional change in 1992, a Budget Reserve and Cash Stabilization Fund was created. Each year two percent of general revenues are deposited into this “Rainy Day Fund” until the fund reaches three percent of total resources. Once this “3%” level has been reached, any additional revenues are deposited into the Rhode Island Capital Plan Fund and can be used to fund capital expenditures or debt service.

This section of the R.I. Constitution was amended at the November 2006 election resulting in several changes. Effective July 1, 2007 funding in the Rhode Island Capital Plan fund can be used solely for capital projects. Use of funding for debt service or the reduction of debt is no longer allowable. In addition, effective July 1, 2012, the state will be required to deposit three percent (3.0%) of general revenues into the Rainy Day Fund until the fund reaches five percent of total resources. Once this “5%” level has been reached, any additional revenues will then be deposited into the RI Capital Plan Fund. The increase from 3% to 5% will be phased in over several years.

A major portion of these resources has been dedicated in recent years to an asset protection program and other capital projects. Anticipated resources in future years have been committed as part of the multi-year CIP to various projects. However, these allocations are subject to revision in future capital improvement plans.

Vehicle Replacement Plans

As part of this year's capital budget submission, agencies are also requested to submit multi-year vehicle replacement plans.

The Vehicle Replacement Plans shall cover a three-year period and include the following information:

- Year of Intended/Anticipated Replacement
- State Fleet Vehicle Identification Number (not the VIN)
- Plate Number
- Account Number vehicle is assigned to
- Model Year
- Make/Model of Vehicle (i.e. Ford Crown Victoria)
- Vehicle Type (i.e. passenger car, pickup, etc.)
- Anticipated Replacement Vehicle Type
- Current Mileage
- Calendar Year 2008 Maintenance Costs (information to be provided by State Fleet)
- Straight Buy or Loan Fund (how is your agency requesting that this new vehicle be financed?)
- Estimated Cost of Replacement Vehicle(s)

The purpose of this multi-year plan is to provide the Budget Office and State Fleet with an idea of what vehicles will need to be replaced each year and what new vehicles will need to be purchased or financed. We realize that things will change in future years and thus, data provided on this report will not be the sole basis of any decisions on the purchase of new vehicles.

Time Tables/Due Dates

Table 1 contains the Capital Budget Calendar for the upcoming cycle. Agency Capital Budget Requests are due to the Budget Office by **July 17, 2009**. Copies of agency requests must also be sent to the House and Senate Finance Committees. Earlier submission, if possible, is strongly encouraged. This calendar is a guideline and is subject to change.

Table 1: Capital Budget Calendar

<u>Target Date</u>	<u>Process</u>
4/15/2009	Distribute FY 2011 - FY 2015 Capital Budget Request Instructions
5/1/09	Distribute Access Database with Agency Data
5/1 – 7/17/2009	Agency Development of Capital Budget Requests
5/1 – 8/31/2009	Site Visits to Major Capital Projects by Budget Office Staff, Capital Committee Members and Legislative Fiscal Staff
7/17/2009	Agency Submission of Capital Budget Requests to the Budget Office and House and Senate Finance Committees
7/17 – 8/31/2009	Budget Analyst Review/Analysis of Capital Budget Requests
8/1 – 9/30/2009	Capital Development Planning and Oversight Committee Meetings with Selected Agencies. Meetings will be held much earlier than in prior years to avoid conflicts with the operating budget process. (The Budget Office will set up these meetings shortly after the 7/17/2009 submission date.)
8/31/2009	Completed Capital Budget Analyses submitted by Budget Analysts to Capital Budget Coordinator
9/1 – 9/30/2009	Internal Budget Office Review of Capital Budget Analyses/Development of Summary Tables
9/1 – 10/24/2009	Development of Capital Committee Recommendations
10/31/2009	Distribute Committee Recommendations to Agencies
11/10/2009	Agency Appeals of Committee Recommendations due to the Budget Office
11/10 – 11/14/2009	Review of Appeals with Committee and Preparation of Final Recommendations for the Governor
11/17 – 11/21/2009	Present Committee Recommendations to the Governor
11/24 – 12/10/2009	Development of Capital Budget Document
12/1 – 12/10/2009	Distribute Agency Sections of Document to Agencies for Review
12/15 – 12/19/2009	Review of Capital Budget Document by Capital Committee/Agencies
12/22 – 12/30/2009	Update of Capital Budget Document based on Comments from Agencies/Committee
12/31/2009	Final Draft of Document provided to the Governor for Review

FY 2011 - FY 2015 CAPITAL IMPROVEMENT PLAN DEVELOPMENT

Funding Availability

As you develop your FY 2011 - FY 2015 capital improvement plan, please keep in mind that a significant portion of expected resources available for capital projects are already dedicated to the completion of on-going projects or dedicated to projects included in the existing five-year capital plan. Resources available for new projects during the planning period will be limited.

All projects, both existing and new, must be included in your capital improvement plan request with adequate information to allow for meaningful consideration of the project by the Budget Analyst, the Capital Development, Planning and Oversight Committee, the Governor and the Legislature. Project requests must include a full description of project rationale, costs, future funding requirements, project schedule, and associated operating budget impacts.

What constitutes a Capital or Asset Protection Project?

The first step in the capital budget development process is to determine if a particular project qualifies as a capital or asset protection project. The following is a list of criteria to be used by each agency to evaluate projects for inclusion in the FY 2011 - FY 2015 CIP.

Capital Projects Criteria

1. Acquisition of, or option to buy land and/or rights in land, whether by purchase or eminent domain proceedings, regardless of cost.
2. Construction of any new physical facility, structure, building, public improvement or public purpose project or addition or major renovation to an existing structure with a life expectancy of ten years or longer, and whose estimated cost including land, planning, design and construction, furnishings, and equipment exceeds \$100,000.
3. Preliminary planning costs for architectural and engineering studies to help ensure that projects are well thought out and have reasonable and accurate cost estimates (Feasibility Studies).

Asset Protection Criteria

1. Renovations or improvements to existing facilities that will extend the useful life by at least ten years and with total costs in excess of \$50,000. Individual projects with costs under \$50,000 cannot be combined to be considered an Asset Protection project unless they are part of one overall scope of work that can be put out to bid as one comprehensive project.

General Maintenance Criteria

1. Minor repairs or normal on-going maintenance, which do not add significant value to a facility, and/or have an annual cost of under \$50,000.

2. Maintenance-type projects should be requested in the agency operating budget. Details on how to present these types of requests will be contained in the Operating Budget Instructions.

As stated above, capital funds should never be used to fund general on-going maintenance or minor projects, even if they can be considered part of a larger project that would meet the definition of a capital project.

Questions as to the eligibility of projects for inclusion in the CIP should be submitted to the Budget Office for consideration. Agencies should contact their respective Budget Analyst with any questions.

How to Prepare Capital Budget Forms

Capital budget forms serve as the basis for capital budget requests. This section presents the specific capital budget forms and instructions for their preparation. These forms must be completed for each capital project being undertaken or being considered by an agency, regardless of the source of funding. Consistent preparation of requests is essential to the orderly review and analysis of agency proposals by the Capital Development, Planning and Oversight Committee, the Governor and the Legislature.

The Budget Office is updating the Access Database that was provided to agencies a few years ago to use in preparing your capital budget requests. This system will include the current capital improvement plan (the Governor's Recommendation), forms that enable the agency to enter their new request, both narrative and data, and reports that will generate hard-copy documents for submission. Instructions on the use of this database will be provided when it is distributed to each agency.

Assembly of Agency Capital Request Documents

The Capital Budget Request submission for your agency must be submitted by **July 17, 2009**. Three (3) bound copies of your request should be submitted to the Budget Office, and one copy each to the House and Senate Fiscal Staffs. The submission should be in the following format:

1. Transmittal Letter: A transmittal letter from the Director or Agency Head providing a brief overview of the capital budget submission and an indication of their priorities should be provided.
2. Projects Summary Form (Form 1): One copy of this form, which lists all of the agency's project requests, should follow the Transmittal Letter. Projects should be listed in priority order. No project can have the same priority as another project (i.e. there can be only one Priority #1).
3. Project Detail Forms: One copy of the Project Narrative and Justification form (Form 2) and one copy of the Project Costs/Financing form (Form 3) should be submitted for each project requested. These forms should be presented in project priority order. (The same order as the projects are listed on the Projects Summary Form.)

Projects Summary Form

The Projects Summary Form lists all of the agency's project requests on one form. All projects requested during the FY 2011 - FY 2015 CIP are to be itemized in priority order according to the Priority Ranking given to each on the Project Narrative and Justification Form (Form 2). The information to be provided on this form is as follows:

1. Department/Agency Name.
2. Priority Ranking: This should be the same ranking as shown on the Project Narrative and Justification Form. No two projects can have the same priority ranking.
3. Project Name: Provide the name of the project as shown on the Project Narrative and Justification Form.
4. Project Identifier: Provide the identifier for this project as shown on the Project Narrative and Justification Form.

5. Total Cost in CIP: Show the total cost of this project over its entire life, not just the five-year period covered by the FY 2011 - FY 2015 Capital Improvement Plan.

Project Narrative and Justification

The Project Narrative and Justification form is intended to provide an overview and basic description of each project for inclusion in the FY 2011 - FY 2015 CIP. This information will be used in determining the appropriateness, necessity and importance of each project. Therefore, it will be to the agency's advantage to be as complete and detailed as possible in preparing this form.

Each section of the Project Narrative and Justification form is listed below with a brief description of how to complete it. Within the Access Database, the following data is entered under four separate forms: Project Names, Project Narrative, Strategic Criteria and Critical Criteria.

1. Project Name: Each project must have a descriptive name that will provide the reader with some basic information about the project, such as where the project is located, what type of work is to be completed, etc. Examples of good Project Names are: "RI Training School/Youth Correctional Center Rehabilitation"; "State House Handicapped Accessibility Renovations".
2. Department/Agency: The name of the Department or Agency requesting the project.
3. Contact: Provide the name, phone number and email address of the person most appropriate to contact with any questions concerning this particular project.
4. Address: Provide the street address, city/town and zip code for the project, if applicable. If the project entails multiple locations, please indicate as such on the address line.
5. Agency Ranking: All projects must be ranked numerically from those the agency considers its highest priority to those with lower priority. No two projects can be ranked at the same level. Discrete projects that are part of a larger overall project may be ranked as sub-units of one ranking (i.e. 1a, 1b, and 1c....) As limited resources are available, not all projects will be funded and as such, the Committee will afford projects with higher ranking a higher priority. If you do not establish a priority ranking, the Budget Office will do so without your input.
6. Project Identifier: Each project must have a unique identifier, which will be used in the Budget Office's Capital Budget Database. Project Identifiers for agency projects contained in the current CIP are provided in Appendix A. Please use these identifiers for any existing projects. Identifiers for new projects should be established by the agency. (Note: Appendices are available on the Budget Office web site at www.budget.ri.gov.)

7. Project Description: Describe the project you are proposing, what type of work will be done, etc. Be as descriptive as possible and use laymen's terms, since most of the audience reading this document will not be familiar with technical jargon. Provide as much detail as possible to give the reader a thorough understanding of the project. Projects requested for funding in the first two years of the plan should have the most detailed descriptions. Lack of sufficient documentation for a proposed project could negatively impact the recommendations for that project.
8. Project Justification: This section provides the opportunity to justify the need for the proposed project and describe the major benefits or reasons why this project is required. Include in this section information about relieving current inadequacies, meeting new and/or increasing service demands, benefits to the environment, health and safety issues, etc. It is especially important to point out if federal or state law, regulations, court order, etc. mandate this project. If applicable, a copy of any relevant statute, decree, regulation, etc. should be included with your submission. Also, you should provide an explanation as to the implications of delaying this project beyond the year(s) for which funding is requested, or of not approving this project at all. *Please spend some time working on this section, as it is your opportunity to appeal for approval of this project or for keeping the project in the approved CIP.*
9. Status of On-going Project: If this project is a currently approved project within the FY 2010 - FY 2014 Capital Plan, this section should be used to provide an update as to the status of the project. What stage is the project in: Preliminary Design, A&E work, RFP, Construction, etc.? Are any changes to the existing capital plan being requested? If so, what are they and why are they required? If this project is in the CIP, but has been delayed, provide an explanation as to why. If this project is in the current CIP, but in the out-years (i.e. no work has commenced), or if this project is a new request, then this section may be skipped. Status should be as of the end of June 2009, but should also highlight any major activity planned for the summer months of 2009.
10. Strategic Criteria: All capital projects requested as part of the FY 2011 - FY 2015 CIP will be scored based upon various strategic criteria. This score is designed to measure both the overall need for a project and the relative urgency of a project. The strategic score is not a substitute for the decision-making process to be undertaken by the Capital Development Committee, the Governor and the Legislature. It is, however, an attempt to define some basic evaluation criteria that can be applied against statewide, competing requests and become one of many factors in the overall decision-making process.

The eleven Strategic Criteria listed below will serve as the basis for the development of each project's strategic score. Agencies are asked to provide applicable information under each criterion and to select the most appropriate ranking from choices provided.

The specific Strategic Criteria, a description of what the criteria is intended to measure, and the ranking that should be assigned to each by agency staff are as follows:

Safety Concernsnone, minor, major
Projects that address safety issues will be rated based upon the impact that will occur and the probability that an event will occur if not mitigated by this project. The request should explain in this section the nature of the safety issue, its impact, and how the probability was determined.

Code Violationsnone, minor, major
Projects that will correct code violations will be based upon the impact of the violation if not corrected. Several types of violations may be considered in this area, including fire and building codes, ADA, and environmental laws. The submission should note the violations that are outstanding and how they will be corrected by this project.

Energy and Environmental Impact none, minor, major/positive or negative
Projects will be evaluated based upon their potential negative or positive impact on energy consumption or the environment.

Customer Servicenone, minor, major
Projects that will improve customer service and have a direct benefit to the citizens of the State will be considered more highly than projects that do not. This section should provide an explanation as to how citizens would be impacted and served by the project.

Geographic Significance local, regional, statewide
Provide information in this section about the specific localities and/or regions that will benefit from this project and describe what that benefit will be.

Agency Mission Alignmentlow, medium, high
This criterion is used to reflect how important this project is to furthering the mission of the agency. Describe how this project fits into and aids in the agency's mission.

User/Non-State Financing..... percent matching funds
The evaluation will take into consideration projects that leverage non-state funding based upon the percentage of other funds. Eligible funds include user fees, federal, local and/or private contributions. Agencies should clearly identify the source of matching funds and any stipulations on how those funds can be used when preparing their requests.

Asset Management
.....new construction, rehabilitation, reuse, infrastructure, mixed
Infrastructure projects are those that invest in systems that support multiple facilities. Rehabilitation projects involve major repairs or upgrades to building systems. Reuse projects are those that change the use of a building or make use

of abandoned, unused buildings. If a project has multiple components, it should be noted as mixed and the various aspects of the project relative to asset management explained.

Operating Savings or Expenses.....projected savings or expenses
This criterion evaluates whether a project, when completed, will create a net savings or expense on the operating budget. Savings may be generated through improved operational efficiencies or decreased maintenance or lease expenses. Costs will be incurred when a project creates a new program or requires additional operating funds to operate. This section will also serve as a “facilities note”, summarizing the project’s impact on the agency’s operating budget in future years. This section should provide a narrative as to what additional costs will be incurred or what savings will result from completion of this project. Agencies should outline both new personnel costs, including additional FTE that may be required and additional operating costs. Further details regarding impacts on the operating budget may be requested by the Budget Office as projects are under review. (Note: this section is in lieu of the separate Operating Impact form that was required in prior years.)

Historic Preservation..... yes/no
Does this project involve a property that has been deemed historically significant by the Historical Preservation and Heritage Commission?

Already Budgeted..... yes/no
Projects included within the approved FY 2010 – FY 2014 five-year capital improvement plan will be considered a higher priority but are not necessarily guaranteed continued funding.

- 11. **Critical Criteria:** Certain projects are considered to be urgent, unavoidable and require relatively quick action. These projects will be determined based upon the following critical criteria.

Critical Life Safety Emergency yes/no
Will this project correct critical life safety emergencies that presently exist? Is corrective action deemed to be urgent and unavoidable? Emergencies must be documented and immediate. If the project request contains multiple sub-projects, the request should note which portion of the project falls in this category and whether it can be performed independent of the rest of the project. Provide any supporting documentation that details the emergency situations, such as code violation reports.

Critical Legal Liability..... yes/no
Is there a substantial legal liability currently pending that would be removed by this project? Describe the liability and provide any applicable supporting documentation.

Prior Binding Commitment yes/no

Is this project required due to a previous action that has created a binding commitment? Note that a very narrow definition will be used for this criterion. The most relevant example would be for an appropriation to finish a construction project that has already been partially funded and is currently underway. Note: previous funding for pre-design and/or design is not considered to be a binding commitment.

Project Costs and Financing

The Project Costs/Financing Forms will provide a detail listing of the estimated costs associated with each project and the proposed method of financing these costs. Within the Access Database, this information is entered under two forms: Project Costs and Project Financing.

Costs included on this form should be the capital expenditures associated with the project only. On-going operating costs that will result from this project should not be included on this form. Also, costs should be shown in the fiscal year in which they are anticipated to be incurred. Although the CIP is for the five-year period of FY 2011 - FY 2015, additional columns/fiscal years are included on these forms. This is necessary in order to show a complete picture of all on-going and anticipated capital projects that will have some impact during the five-year planning period. In addition, the Capital Budget request is used to obtain an update on the status of all outstanding approved capital projects. Therefore, any currently approved project that will not be completed prior to June 30, 2009 should be included in the Capital Budget request.

Fiscal Years

The following cost/financing information should be provided in the appropriate column/fiscal year:

1. Pre-2010 - All expenditures on this project up to and including June 30, 2009. Expenditure data should relate only to on going previously approved projects; new projects should not have any expenditures in this column.
2. FY 2010 - Anticipated expenditures in FY 2010 for on-going previously approved projects or new projects approved for commencement in FY 2010 in the FY 2010 - FY 2014 CIP.
3. FY 2011 - FY 2015 - Anticipated expenditures in these fiscal years for any on-going previously approved projects, new projects approved in the FY 2010 - FY 2014 CIP or new projects requested in this Capital Budget request.
4. Post - FY 2015 - Anticipated expenditures that will fall into later fiscal years for projects that have a start date prior to or including FY 2015. No new projects for years beyond 2015 should be shown in this column.

Project Costs - Category of Expenditure

On this form, you are requested to list specific project expenses that will provide the reader with a better understanding of where funding will be spent. The broad categories contained in the Access Database are listed below.

1. Program Planning: This category covers all activities associated with feasibility studies, appraisals, right-of-way (ROW) surveys, schematics, and preliminary work associated with the development and planning for this project.
2. Architectural/Engineering/Professional Services: This category covers all activity associated with the development of preliminary, final and detailed plans and specifications, clerk-of works supervision of construction, accounting and other professional services of architects, engineers, lawyers, planners and similar participants in the project.
3. Land and ROW Acquisition: This category covers all aspects of the project associated with or incidental to the acquisition of land or right-of-way required in connection with the project.
4. Site Improvement: This category covers all work associated with demolition, utilities and drainage, access roads and parking areas, curbs and sidewalks, and related site changes in connection with implementing the project.
5. Construction/Development: This category includes all the recognized and logistical component parts that have been and will be required for the construction of a building. This includes work relating to general construction, electrical, plumbing, heating, ventilation and air-conditioning systems, acquisition and installation of fixed equipment, etc. In addition to building construction, this category includes all other types of construction projects to include street lighting, sewer and water main construction, dams, highways, etc.
6. Furniture, Fixtures, Equipment: This category covers all movable furniture and fixtures which are used for administrative purposes, such as desks, chairs, filing cabinets, tables, etc. This category also includes all equipment usually associated with primary service activities of the subject capital facility, such as equipment used in health centers for medical diagnosis, institutional equipment for prisons and hospitals, recreational equipment, etc. Computer equipment relating specifically to technology bonds should also be included in this category, otherwise computer equipment should be budgeted within the operating budget.
7. Contingency: This category should be used to identify the usual allowances for contract overruns and unforeseen costs that may develop over the course of implementing the project. The amount used for request purposes should be six percent (6%) of net costs (the sum of site improvements, construction/development, and other construction). If a higher percentage is being used, a justification must be provided in the Additional Information section of Form 2.
8. Fees: This category includes any additional fees which will be required as part of this project to include, but not limited to: (1) the State Building Code Commission fees for construction management of large projects, and (2) the 1% for Arts fee to comply with the Allocation for Art for Public Facilities Act (RIGL 42-75.2-4), which may require up to one percent of the total cost of the

project be set aside for art. See Appendix C for additional information regarding fees.

9. Bond Issuance Costs: These costs are assessed on all general obligation bonds and certificates of participation funded projects. A standard rate of .4% (.004) is assessed at the time of issuance and placed in a separate account associated with each project. Funds remaining upon the final payment of all bond or COPS issuance-related costs will be returned to the project for direct project-related expenditures.
10. Grants: This category would be for those funds that are a pass-through to other organizations (i.e. local communities) to fund a capital project.
11. Feasibility Study: This category would identify funding to be used to undertake a study of a specific project to determine costs prior to a request for full funding.
12. Vehicles: This category is for the vehicle replacement plans that are to be included as part of the CIP submission.
13. Other: Any additional costs associated with this project, which do not fit one of the preceding categories, should be included here. A brief description of the cost should be provided.
14. Total: Provide a total for each column and each row.

Financing/Source of Funds

This section of Form 3 is used to identify the source or sources from which the financing for the project will be derived. List the amount to be expended from each source in the appropriate fiscal year column. The total funding in each fiscal year from the various sources must equal the planned costs to be incurred in that fiscal year, as shown in the “Project Costs” section. The following are the possible sources of funds:

1. Previously Authorized General Obligation (G.O.) Bonds: Expenditures proposed from bond funds must comply with legal provisions outlined in the applicable bond referendum. Appendix F in the FY 2010 – FY 2014 Capital Budget document provides a complete listing of the outstanding General Obligation Bond Authorizations. Total expenditures across fiscal years cannot exceed the total funding available within each account series (including bond issuance costs). The Access Database breaks down each bond series into issued and unissued by series. The RIFANS “line item” numbers are used to distinguish the individual bonds. Further information on this will be provided with the instructions on the use of the Access Database.
2. New Bond Authorization: Requests for new Bond Referenda should be included in this category. Be aware that the voters must approve bond referenda at a scheduled election and that issuance from approved bonds would not occur until the following fiscal year, at the earliest. The next election at which bond

referenda could be approved is November 2010 and thus, funding from a bond approved at this election would not be available until July 2011 (FY 2012).

3. General Revenues: Although infrequent, general revenues may be approved in the operating budget for use on limited capital projects, particularly if a minor match is needed for another source of funds (i.e. federal).
4. Federal Funds: For federal funds that have been awarded for a capital project, please identify the federal funding agency and the RIFANS federal appropriation account number of the grant (if established). In the narrative on Form 2, explain any matching or other requirements that should be taken into consideration in evaluating this project. A copy of the federal grant award for the capital project should also be included with your request.
5. Restricted Receipts: This category should include only funds from Restricted Receipt accounts as established by the State Controller. Identify the RIFANS restricted receipt appropriation account number from which the funds will be expended.
6. Rhode Island Capital Plan Funds: Cost estimates associated with projects in the existing plan should be updated and identified in this capital budget request. Previously unidentified asset protection projects may also be requested with funding from the Rhode Island Capital Plan Fund as the financing source in out years. Please identify the Rhode Island Capital Plan Fund RIFANS account number for any existing projects.
7. Certificates of Participation (COPS): This category should only be used for those projects that have already received approval for this type of financing. Contact your assigned Budget Analyst if you believe this source of funding is most appropriate for a particular project.
8. Other: All other financing sources should be identified in this category. Other types of sources may include local funds (i.e. where a local match is required), quasi-public agency revenue bonds, private donations, etc. The specific funding source should be identified (insert rows in the appropriate spreadsheet, as needed).