OBM

Ted Strickland
Governor

J. Pari Sabety
Director

MEMORANDUM

TO: Directors and Fiscal Officers of All Departments, Agencies, Boards and Commissions

FROM: J. Pari Sabety, Director

DATE: December 3, 2007

RE: State Capital Improvements Planning for FYs 2009-2014 and the Capital Budget for FYs 2009-2010

Attached to this memorandum is OBM's guidance to state agencies for capital improvements planning for FYs 2009-2014 and for preparing the state's capital budget for FYs 2009 and 2010. This guidance deals only with the new capital budget and your agency's six-year capital improvements plan. OBM will also prepare a capital reappropriations bill, for which you have received separate written guidance.

The upcoming capital bill will reflect Governor Strickland's priorities and commitments as laid out in the Turnaround Ohio plan by investing in the state's current capital assets, including its primary and secondary education facilities, colleges and universities, local community infrastructure, and other state institutions which serve the citizens of the state. As in recent years and as a result of restrictions created by the continuing implementation of tax reform, resources are limited to support spending requests and all state agencies should use the preparation for this capital bill as an opportunity to carefully review their capital investment needs and to seek funding for those projects that focus on renovation and rehabilitation or that are mission-critical.

Current Capital Improvements Legislation

There are two major capital improvements appropriations bills now in effect that expire on June 30, 2008.

- ☑ S.B. 530, which appropriated $1.0 billion in new capital improvements projects and reappropriated previously authorized capital improvements projects; and
- ☑ H.B. 699, which appropriated almost $1.8 billion in new capital improvements projects.

Capital Planning and the Capital Bill for New Projects

In order to prepare a new capital appropriations bill and comply with the provisions of Section 126.03 of the Revised Code, agencies must prepare and submit to OBM their six-year capital improvements plans. After reviewing the plans, OBM will develop a two-year capital budget and capital-related legislation. This two-year budget will be ready for introduction to the General Assembly in the spring of 2008 according to OBM's current timetable. More information about the timetable is included in the attached guidance.

Focus on Rehabilitation and Renovation

OBM has developed a preliminary projection of the state's debt capacity, which takes into account the Constitutional requirement that debt service payments be 5% or below GRF revenues. While these projections provide for little to modest growth over the last capital bill, the commitment to rebuild Ohio's school facilities, to invest in the colleges and universities, and to support the state's current capital assets limits the new resources available for other construction projects.

Under these circumstances agencies should be conservative in their requests. The Governor's priorities are to concentrate first on projects that focus on rehabilitating and renovating existing state assets, and, second, only on new construction projects that are critical to your agency's mission. Projects that address these priorities will be viewed more favorably.

Questions About the Guidance

You will notice that only minor changes have been made to the capital improvements planning guidance from two years ago. If you have any questions about the guidance and the changes that have been made to it, please call your OBM budget analyst. Thank you in advance for your help and cooperation.

Attachment

cc: Governor Strickland
John Haseley
Jan Allen
Janetta King

Executive Summary of the Guidance for Institutional Agencies

All agencies that anticipate capital needs during FYs 2009-2014 must submit a long-term capital improvements plan for the period beginning July 1, 2008 and ending June 30, 2014.

The purpose of the capital improvements plan is to communicate in a clear and concise manner the capital needs of the agency. It is used by OBM and the Governor to make allocation decisions.

While agencies have some discretion as to how they present their six-year capital plans, all requirements contained in these guidelines must be met. Agencies may meet with OBM analysts to discuss alternative formats to facilitate analyst review and agency preparation.

As in the past, OBM may schedule follow-up meetings after agencies have submitted their requests.

Agencies must complete and submit:

- ***Introductory Narrative***
- ***Agency Overview***
- ***Institutional Profile and/or Community Project Profile***
- ***Table C-1 for Each Project***
- ***Narrative for Each Project***
- ***Appropriate Supporting Documents***
- ***Summary of Departmental Priorities***
- ***Response to Capital Facilities Management Survey***

Once the capital improvements plan has been reviewed by OBM for completeness, agencies will be notified to submit two additional copies. These copies are for internal OBM use and for distribution to the Legislative Service Commission.

CAPITAL IMPROVEMENTS PLANNING AND BUDGETING TARGET DATES

December 3, 2007	Distribution of guidelines, sample Table C-1, and instructions for preparation of the Capital Budget and long-term Capital Improvements Plan (CIP).
January 28, 2008	CIP requests due to OBM from all agencies except those listed as being due February 11, 2008.
February 11, 2008	CIP requests due to OBM from: Department of Administrative Services Board of Regents Department of Mental Health Department of Mental Retardation and Developmental Disabilities Department of Natural Resources Department of Rehabilitation and Correction Department of Youth Services
January through April 2008	OBM reviews and analyzes agency requests and submits recommendations to the Governor.
Anticipated Spring 2008	Capital Improvements Budget Legislation for FYs 2009 and 2010 submitted to the Ohio General Assembly.
90 days after filing the signed bill with the Secretary of State	Anticipated effective date of new capital budget.

TABLE OF CONTENTS

Transmittal Letter to Agencies
Executive Summary
Planning And Budgeting Target Dates

1. INTRODUCTION 2

The Role Of OBM 2
Multi-Agency Projects 3
Due Dates and Effective Dates 3
Capital Reappropriations 3

2. KEY POINTS 4

Key Points 4

3. REQUEST COMPONENTS 5

Capital Budget Request Checklist 5
Introductory Narrative 5-6
Project Statements (Table C-1) 6
Table C-1 Narrative 6-8
Priority Summary 9
Scenarios and Limits 9
Capital Facilities Management Survey 9

APPENDICES

Appendix A Elements of an Effective Request
Appendix B Instructions for Completing Table C-1
Appendix C County Code Sheet
Appendix D Instructions for Priority Summary
Appendix E Allowable Capital Expenditure Guidelines
Appendix F Capital Facilities Management Survey
Appendix G Percent For Arts Program

I. INTRODUCTION

Every two years, state agencies must submit to the Office of Budget and Management (OBM), in accordance with Section 126.03 of the Ohio Revised Code, a six-year capital improvements plan (CIP) and a two-year capital budget. The capital improvements plan and two-year capital budget are intended to ensure that the state's previous investments in existing infrastructure are protected and to address the need for capital projects that may be warranted for other reasons. The capital budgeting process is designed to allocate limited resources for the rehabilitation, renovation, and construction of facilities that are integral to the operations of state government.

For the purpose of this process, "capital" is defined as the cost of acquiring, constructing, reconstructing, rehabilitating, remodeling, renovating, enlarging, improving, and/or equipping facilities. A more specific explanation of how capital appropriations can be used is found in Section 303.20 of H.B. 699 – the current capital appropriations bill. If an agency is not sure whether a particular project is a capital project, the agency should consult with its OBM analyst.

The following guidelines provide both a general framework and detailed instructions for agencies' use in preparing their capital improvements plans. The plan the agency submits should be as clear and complete as possible because it is intended to communicate the agency's needs to OBM.

The Role Of OBM Typically, as in any budget process, the demand for funds exceeds the amounts available. The role of OBM, therefore, is to determine the amounts available for capital appropriations, and create a capital budget proposal that reflects the Governor's priorities and addresses the needs of state agencies within available resources.

The OBM budget analyst assigned to your agency is the key OBM resource regarding an agency's capital request. Each analyst's knowledge is dependent on the ability of the agency to communicate its vision, environment, and needs. Requests should be structured so that they may be clearly understood by the analyst, and agencies should work closely with the analyst to provide any necessary supplemental information.

Recognizing there is a limit on the overall amount available for capital appropriations, agencies should focus their requests on projects of the highest priority. OBM may, for some agencies, impose limits on the dollar amounts included in an agency's request. Alternatively, some agencies may be asked to present capital funding "scenarios" for the first biennium (FY 2009-2010). These scenarios will be structured around specific dollar amounts and are designed to help OBM more fully understand an agency's priorities. The scenarios or limits should not be interpreted to mean an agency is guaranteed any particular level of funding. For more information see "Scenarios and Limits" on page 9.

Each agency is encouraged to work closely with its budget analyst to determine if there is any information the analyst requires in order to better

understand the agency's request and plan.

Multi-Agency Projects

From time to time, capital projects that involve more than one agency are raised for consideration. Agencies interested in pursuing or continuing projects that involve multiple agencies should inform their OBM budget analyst as soon as this information is available. OBM will then coordinate discussions to determine the proper submission of the request.

Due Dates and Effective Dates

- **Group 1 Agencies: Due January 28, 2008**
- **Group 2 Agencies: Due February 11, 2008**

Group 1 agencies include all agencies not included in Group 2.

Group 2 agencies include DAS, BOR, DMH, DMR, DNR, DRC, and DYS. Group assignments and target dates can be found in Appendix A.

Appropriations for capital expenses are effective 90 days after the Governor signs the bill and it is filed with the Secretary of State. The last capital bill went into effect March 2007 (signed by the Governor in December 2006). It is likely the next capital bill will be introduced in the spring of 2008 with an effective date in the summer of 2008.

Capital Reappropriations

The capital reappropriations process involves identifying which *current* capital projects need to be reappropriated. OBM will send instructions to agencies in early November regarding the reappropriations process, but it will likely be very similar to the process from previous biennia. The process will involve, for each project, estimating the amount needed to be reappropriated and resolving any related language issues. The reappropriations bill will most likely be introduced in February of 2008, to be enacted and signed by the Governor by April 2008 in order to be effective July 1, 2008.

II. KEY POINTS

There are several key points that agencies should pay particular attention to as they prepare their requests.

Table C-1 covers all biennium. The Table C-1, which is described in more detail on page 1 of Appendix B, covers all bienniums. Funding requests for projects that span more than one biennium should be made on one Table C-1.

Request new appropriations only. Agencies should only submit requests for new capital appropriations. The reappropriations process will be handled separately. Instructions for reappropriations will be sent to agencies by in a separate memo during the month of November.

Administrative office space is requested by DAS. All agencies seeking funding for additional administrative office space (excluding administrative office space on institutional property) should submit the administrative office space requests to the Department of Administrative Services (DAS). DAS will then review and submit the requests to OBM. Agencies believing they need additional space should contact Craig Weise, State Architect, at (614) 644-7969.

Cost estimates should include all funding sources in FY 2007 dollars. Estimated cost information provided on the Table C-1 should include all funding sources for the project. The cost estimates, which include all costs relevant to the project, should be given in FY 2009 dollars. OBM encourages the use of the State Architects' Office when coming up with cost estimates. Cost estimate methodologies will need to be included in project description narratives. The State Architects' Office is online at: http://www.das.ohio.gov/gsd/sao/sao.html.

State Architect fees are on a sliding scale. Fees charged by DAS' State Architects' Office are assessed on a sliding fee schedule. Agencies must include these fees in their project cost estimates. Refer to the Estimated Costs Section in Appendix B for more detailed information concerning these charges.

Contingency cost varies by project type. The rule of thumb is that contingency costs as a percentage of the construction costs for new construction usually amount to 5 percent of construction costs and fall in the 8 to 10 percent range for renovation projects.

Agencies should not include Percent for Arts Costs in project costs. Funding for the Percent for Arts program (see Ohio Revised Code Section 3379.10) should not be included on the Table C-1. OBM will calculate this amount once funding recommendations are final. (See Appendix G.)

Introductory narrative should focus on priorities and choices. The agency's introductory narrative should focus on the key decisions made by the agency in putting its capital request together. The introductory narrative should address the choices and/or trade-offs that were made by the agency in deciding its funding priorities and how the needs of the agency's constituents are reflected in the capital request.

Funding scenarios may be required. Due to the size and complexity of some agencies' capital requests, certain agencies may be asked to provide scenarios of which projects an agency could or would include at various funding ceilings.

III. REQUEST COMPONENTS

Agencies should prepare a capital improvement plan that covers the information outlined below.

CAPITAL BUDGET REQUEST COMPONENTS
(Checklist for Non-Institutional Agencies)

- ☐ **Introductory Narrative**
- ☐ Issues and challenges
- ☐ Decisions, choices and tradeoffs
- ☐ Changes in the number or types of clients

- ☐ **Table C-1 for Each Project**

- ☐ **Narrative for Each Project**
- ☐ Description
- ☐ Justification
- ☐ Project Phasing Illustration
- ☐ Cost Estimate Methodology
- ☐ Additional Information

- ☐ **Priority List**

- ☐ **Response to Capital Facilities Management Survey**

Early in the process, agencies and their OBM analyst will discuss whether there is any additional information that should be provided as part of an agency's capital request. Analysts may ask that information be presented in alternative formats, or in aggregated formats that will help gain a better understanding of the request. Any information that an analyst and agency agree can be provided should be submitted as part of the request.

Introductory Narrative

The introductory narrative should be written to help OBM understand the thought process behind the agency's capital budget request and priorities. Agencies should prepare an introductory narrative that includes the information listed below in whatever format is appropriate.

Agency Strategy and Goals Describe the strategy behind the agency's capital request. What are the agency's immediate capital needs? What are the long-term goals for the capital budget? For example, immediate needs might include replacing aging roofs and windows or meeting energy efficiency targets, including those established in Executive Order 2007-02S, while long-term goals might include: having ten National Guard armories that meet minimum standards for emergency readiness in the next six years; or having a new radio system in place within five years to replace an obsolete system and facilitate inter-and-intra-agency communication.

Agency Priorities: Decisions and Trade-offs	Describe the decisions, choices, and tradeoffs the agency made in putting together its capital request and in assigning priority rankings to projects. What will be the consequences of these decisions and choices for the agency? What factors were considered in prioritizing the projects?
Agency Constituents	Describe the agency's constituents and how their needs relate to or affect the capital budget request.

Project Statements (Table C-1)

Table C-1 provides detailed information on each capital project requested by an agency. A Table C-1 and detailed instructions on completing the table are provided in Appendix B.

The Table C-1 is available online in Excel format at OBM's website, www.obm.ohio.gov/budget/capital. Agencies can also contact their OBM analyst to obtain the file.

Agencies will need to print the completed Table C-1s and submit them to OBM, as part of their capital plan submission.

Table C-1 Narrative

Agencies must complete a narrative for each Table C-1. The narrative should consist of a project description and a project justification, which are described below. In addition to the information requested below, agencies should use the narrative to tell OBM anything else that should be known and considered when OBM evaluates the project. Since agency capital needs vary in size, complexity and in the nature of projects, agencies should work with their budget analyst to clarify specifically what needs to be included in the Table C-1 narrative.

Description: What is the purpose, dimension, components, capacity, and location of the project?	The project description should be a general discussion of the project that includes the general purpose(s), the overall dimensions, a list of the major components, some indications of the capacity (number of beds, work stations, etc.), and the specific location of the project. An example would be: *Construction of a three-story 36,000 square foot classroom facility on the southeastern portion of the campus which includes sixteen 50 seat classrooms, 5,000 square feet of laboratory space and 1,000 square feet of administrative office space.* For a renovation project, the description should also include the age and current condition of the building as well as the date of the last renovation.

Justification: ***What is the need for, benefits of, funding impact of, and alternatives to the project?***

The project justification should answer the following questions: Why is the project needed? What are the benefits of the project? What will be the impact of not funding the project? If the proposed project represents one of several solutions to a need or a problem, what other alternatives were considered and why weren't they chosen?

Certain projects will be readily justifiable because the need will be immediately apparent. For example, if a plumbing system needs to be replaced because it is 30 years old, leaking, and replacement would be more cost effective than repair, then a justification stating those facts would suffice. Energy efficiency projects may be justified by meeting the criteria for capital funding, demonstrating how the project will help achieve compliance with the requirements of Executive Order 2007-02S, and projecting operational cost savings (see *Special Project Information* below).

Project Phasing: ***Can the project be completed and funded in phases?***

Due to the reality of limited resources, OBM often recommend funding levels that are less than what an agency requested. When that occurs, the suggestion of phasing certain projects is often offered as a solution. These projects are typically large renovations and new facilities. The agency should identify in its request which of the projects being requested in the first biennium could be phased in over two or more capital biennia. The agency should answer the following questions: Could this project be completed in phases? Does it make sense to approach the project this way? What is the impact of this project being phased over more than one biennium?

Cost Estimate Methodology: ***What method is being used to estimate project costs?***

In order to properly allocate and effectively utilize capital dollars, cost estimates must accurately reflect complete project costs. OBM encourages the use of the State Architects' Office as a resource for determining project costs and selecting a reasonable cost estimate methodology.

Two suggested cost estimating techniques are detailed construction cost and historical cost estimating, briefly described below:

Detailed estimating methods are employed whenever adequate design information is known or can be reasonably assumed. Detailed construction estimates are calculated knowing that the sum of the cost of the parts must equal the cost of the whole. Therefore, every cost associated with the project is estimated and the results are totaled.

When such information is not available, historical cost estimating can be utilized. When details cannot be reasonably assumed, then prices for similar work already completed can be updated using published factors to account for inflation and reapplied to new estimates. Adjustments should be made using professional judgment to account for various factors such as differences in construction site location and significant variations in the magnitude of

quantities.

Additional Information: Is there anything else that needs to be known?

There may be additional information that is important to understand the value of the project. If this is the case, include it in the justification section of the narrative. Some examples of pertinent information include job creation and economic development and contribution to program goals and objectives.

Special Project Information

If any box in the ***Special Project Information*** section of the Table C-1 is marked, the justification should explain how the project addresses these special conditions. See Appendix B for a detailed description of each Special Project Information box. Certain Special Project Information categories should include specific information in the C-1 narrative and are listed below.

Energy Efficiency: If the Energy Efficiency box is marked, document how operating costs will be affected over the period of the investment and indicate when, if ever, payback will occur. These projects should be coordinated with the DAS Office of Energy Services. Agencies planning energy efficiency projects should contact Craig Weise, State Architect, at 614-644-7969.

Life & Safety: If the Life and Safety box is marked, provide details on how current conditions pose imminent threats to the health and safety of Ohio's citizens, and how the project will correct them.

Legally Mandated: If the Legally Mandated box is marked, attach supporting documentation, (e.g., copy of the mandate).

ADA Funding: The ADA box should be checked if an agency is requesting a project exclusively for compliance with the requirements of the Americans with Disabilities Act and provide supporting information in the Table C-1 narrative.

Prior Funding: If the Prior Funding box is checked, the narrative should include: the fiscal year in which the first appropriation for this project was made, total funds appropriated for the project since the original appropriation, and how these funds were or will be used.

For example: *Funds were originally appropriated in the FY 07-08 biennium. A total of $3.4 million has been appropriated, including transfers. These funds were used to complete Phase 2, which involved replacing all the chillers and streamlines in the North Building.*

Priority Summary

Agencies must prepare a list of their requested projects in priority order. Agencies must use the spreadsheet format that OBM has prepared. It can be obtained from your OBM analyst (along with the Table C-1). If using the OBM spreadsheet is impractical due to system or software incompatibility, the agency should contact its budget analyst to find an alternative means to produce the Priority Summary. A printed copy of the list and copy of the spreadsheet file must be submitted as part of the agency's capital plan submission.

Scenarios and Limits

Those agencies that have a significant number of capital projects and have historically requested significantly more than what has been made available, may be asked to provide information that will help OBM better understand what projects would be funded at specified dollar amounts. These agencies will be asked to create a scenario for one or two specified dollar amounts. The scenario should be included in the appropriate column on the Priority Summary discussed above. Scenario amounts will be made available several weeks prior to an agency's submission due date. For some agencies, an overall funding request limit may be imposed.

Capital Facilities Management Survey

Appendix F consists of several questions that agencies should answer as part of their capital budget submission. The questions pertain to the agency's facility inventory, condition assessment practices, and how the agency determines and schedules facility maintenance.

APPENDIX A
ELEMENTS OF AN EFFECTIVE REQUEST

This appendix highlights common elements found in effective capital budget requests. It has been written especially for agencies and staff preparing a capital budget request for the first time, however, agencies and staff with considerable capital experience may also find it useful. While some factors outside the agency's control determine whether or not a request or project is funded, including the elements discussed below in your agency's request will likely increase the chance that a proposal will be considered favorably.

It is important that your proposal be timely, complete, informative, and concise. Succinctness and clarity are key factors. If it takes lengthy documentation to identify the public need and justify your solution, provide the detail as clearly cross-referenced attachments.

- Give the request a succinct descriptive project name (limited to 30 characters). It is helpful to have an easily identifiable project name for reference purposes for questions and discussions. This name is used by OBM and in various levels of the Administration's budget discussions.

- Provide a clear and concise summary of the request. This should be a brief statement of what is being requested and why. This description should provide the minimum level of detail necessary for request discussion and decision meetings. An effective request summary is brief, yet clear enough so that it can stand-alone. Additional detail should be contained in the request documentation.

- Request documentation provides additional information needed by OBM and others to effectively evaluate the request. Items that should be included in the detailed analysis and documentation of the request include:

A. Nature of Request

- What is the public need for the request?
- What is being done now by your department and others to address the problem/need?
- What resources are being expended currently in the budget related to the request, i.e., dollars and positions?
- Why can the problem not be resolved within existing resources?
- What are the adverse impacts if this proposal is not approved? (Be realistic in this assessment.)
- Why are current efforts insufficient?
- How will the project be coordinated with other similar activities?
- What is the priority of this request versus other activities in which the department is involved?

B. Background/History

- What is the authority (state/federal law, regulation, master plan, etc.) for the program activity/service?
- What clientele are being served; who benefits?
- What other (similar) activities, past and present, address this general area and are they effective/efficient?
- Are there examples from other states or institutions where this approach has succeeded?

C. Justification

- Will this proposal actually solve the problem, and how?
- Is each component in the proposal essential or just desirable (i.e., needs versus desires)?
- Is this a high-priority long-term need; if so, how does the proposal affect the long-term problem?
- Why is the recommended program level the correct one? Why does this have to be done now? Can it wait?
- Are or can other non-state funding sources be made available?
- What support is there to the request?
- What opposition is there to the request?
- Are there any legal considerations?
- Is the proposal technologically sound?
- What type of cost estimation methodology was used?
- Has the State Architects' Office been consulted about the project?

The request should identify what goal/objective is to be achieved and include a discussion or provide the criteria by which the success of benefits of the request can be judged. (NOTE: ***This may be more relevant for some projects than others but certainly should be a consideration.***)

A well-documented proposal also provides alternatives and presents an analysis on why the selected recommendation best meets the problem/need, and indicates what, if any, adverse action would result if the request were not funded. Such analysis should incorporate the assumptions/constraints, impact on benefits or quantifiable measures of effectiveness, risks and uncertainties (probability of success).

➢ **Common pitfalls to avoid include the following:**

- Untimely submission of requests.
- Lack of detail relating to actual needs.
- Insufficient quantification of project need and benefit.
- Objectives unachievable, of unreasonable dimension, or not feasible.
- Expected results are too general/not specific.
- No/little discussion of viable, alternative solutions.
- Insufficient documentation and cost justification.
- Lack of overall planning or coordination.
- Lack of sound cost estimate methodology.
- No indication of priority of the request.
- Too many technical or esoteric terms.

APPENDIX B
INSTRUCTIONS FOR COMPLETING TABLE C-1

Agency Name: Enter the agency name.

Agency Code: Enter the three-digit agency code. (e.g., DMH)

Division/Institution Name: Enter the agency's division or institution name, if applicable.

Fund: Enter the four-character code for the fund from which funding for the project is being requested. (e.g., 7026, or 7034, or 7035)

Line Item Number: Enter the appropriation line item (ALI) number in the form CXXXXX. The "X" characters are determined by the agency code and which of the following two categories the project falls into:

- Category 1 - Funding is requested for a project that has an ALI already established in the Ohio Administrative Knowledge System (OAKS). For these requests use the number that is established in OAKS. Therefore, if a project in the Department of Youth Services already has an existing line item of C47001 that is the line item that should be used.

- Category 2 - Funding is requested for a project that does not have an ALI established in OAKS. For these requests an agency should use a two-character dummy code that is placed after the agency code. These dummy ALIs should be number A1 through A9, then B1 through B9, etc. Start with A1 in each fund. For example, if projects in the Department of Youth Services request do not have existing line items, they should be numbered as C470A1, C470A1, etc. OBM will replace the dummy codes with valid ALI numbers for projects that will be included in the capital appropriations bill.

Line Item/Project Name: Enter a name that describes the project.

Please keep the project name short. Do not exceed 30 spaces. The name should describe the project being requested (e.g., Renovate Central Power Plant). Please avoid non-descriptive project names such as "Phase IV Construction."

Appropriation Requested: Specify the state appropriation being requested for each biennium.

Department Priority Number: Assign a different priority to each project requested.

Institution Priority Number (Institutional Agencies Only): Each institution should prioritize its projects.

County Name: Enter the county name.

County Location Code: Use the number in Appendix C that corresponds to the location of the

proposed project. Code multi-county and statewide projects as "99".

Type of Capital Improvement for 1st Biennium that Funding is Requested:
Check the one type that best describes the project in the first biennium in which appropriations are requested. Those categories are listed below.

New Construction
Renovation
Site Development/Land Acquisition
Renovation
*Other_____
Capital Equipment
Planning
Combination New Construction and

* When using the "Other" category, please briefly explain in the space provided or as a separate attachment if needed.

Special Project Information for 1st Biennium that Funding is Requested:
Special project information provides OBM with additional information that may be important when evaluating capital requests. This section of the form will not apply to all projects and the absence of "special information" will not reduce the chance of a project being funded. If a project is needed for one or more of these reasons listed under special project information, check the appropriate boxes and ***include an explanation of the special information in the narrative portion of the Table C-1 request.***

Agencies should use the descriptions listed below to determine whether or not a box should be checked.

- ***Energy Efficiency:*** This box should be checked if a project or a project component is intended to increase the energy efficiency of the building or facility. These projects should be coordinated with the DAS Office of Energy Services.

- ***Legally Mandated:*** This box is for projects that are the result of a legal mandate. Examples of legally mandated projects may include EPA-related, handicapped access, and court-ordered capital improvements.

- ***Community Project:*** This box applies mainly to DMH and DMR, but may apply to other institutional agencies as well. These are projects that are partially or fully-funded by state appropriations, but will be owned by the local community.

- ***Life & Safety:*** Life and safety projects must address imminent threats to the health and safety of Ohio's citizens. Projects that are needed to correct safety code violations or protect against asbestos exposure are possible examples of life and safety projects.

- ***Other Funds:*** Agencies that are able to leverage federal or other non-state funds as a result of this project should check the "Other Funds" box.

- ***Prior Funding:*** The Prior Funding box should be marked if the project received an appropriation in the current capital bill (H.B. 699) or previous capital bills. If the Prior Funding box is checked, the C-1 narrative should include: the fiscal year in which the first appropriation was made, total funds appropriated for the project since the original appropriation, and an explanation of how existing funds were or will be used.

- ***ADA:*** This box should be marked only if the project is being requested ***exclusively*** to comply with the requirements of the Americans with Disabilities Act.

Estimated Project Target Dates - Month and Year:
Estimate (a) the month and year that contracts for the project will be awarded; (b) the month and year that construction will be completed; and (c) the month and year of full operation of the project. Assume the appropriations bill will become effective July 1, 2008.

Operating Impact for First Full Year of Operation:

A. "Savings" Column - Estimate and enter the savings expected to result from reduced operating costs for personnel, maintenance, and equipment associated with the project in the savings column. Enter the total on the total line.

B. "Cost" Column - Estimate and enter the normal, continuing, and additional operating costs for personnel and maintenance/equipment associated with the project in the cost column. Enter the total on the total line.

C. "Funding Source" Line - Identify the source (the ALIs) of additional operating costs, if applicable. If operating costs will be saved, indicate the agency's ALIs where the savings will occur.

D. Indicate the number of additional full-time and part-time employees that will be needed as a result of the project. If the number of employees will decrease as a result of the project, indicate that loss by using parentheses [e.g., (3) FTEs].

Estimated Costs: Indicate all costs in the biennium for which the appropriation is being requested.

All capital requests should be in FY 2009 dollars. Estimated costs should include all funding sources. The Office of the State Architect (SAO), within the Department of Administrative Services (DAS), can assist agencies in estimating the planning, design, and construction costs with consideration of appropriate related costs and contingencies. Contact the State Architect's Office at (614) 466-4761 for further assistance. Additional cost estimate information is available on DAS's website at: http://www.das.ohio.gov/gsd/sao/sao.html.

A. Include all design and planning costs (including feasibility studies, engineering analyses, and all architectural work) in this item.

B. Indicate the amount of State Architect's fees. For projects administered by the State Architect's Office, the first $250,000 of the construction costs is billed at 7.00 percent, the next $3,750,000 ($250,000 to $4.0 million) spent for construction costs is billed at 3.00 percent, the next $16.0 million ($4.0 million to $20.0 million) is billed at 1.00 percent, and any amount above $20.0 million spent for construction is billed at .75 percent. The local administration fee of 1 percent will no longer be applicable to colleges and universities after they are certified under the program being developed by DAS; however, colleges and universities may voluntarily use SAO services at the new fee schedule. The SAO fee is subject to change with each capital bill cycle.

C. Indicate the costs for site acquisition. Include amount of land to be purchased and the cost per acre.

D. Site preparation and improvement costs including the expenses of connecting, placing, or moving utilities, razing structures, and any other activities necessary to prepare a site for construction.

E. Indicate the costs associated only with the actual construction.

F. Indicate the costs associated only with the actual renovation. Do not include architectural, engineering, and equipment costs.

G. Indicate the cost of all equipment.
- Fixed equipment should include all permanently attached fixtures.
- Movable equipment should include all items except permanently attached fixtures.

H. Indicate any other costs that have not been listed.

I. Indicate the contingency cost percentage and the total contingency amount. Contingency costs for new construction usually amount to 5 percent of construction costs. Contingency costs for renovation projects range from 7 to 10 percent of construction costs.

Indicate the total. This total may not match the appropriation request, because the total represents all funds, while the appropriation request represents only those funds appropriated by the state.

Total Estimated Project Costs by Source of Funds:

- Indicate the requested state appropriation for each biennium.

- If the total estimated project cost is more than the requested state appropriation, indicate the source(s) of the funds and the dollar amount that will be contributed by those sources.

Reminder: Attach a narrative to each Table C-1. The content of the narrative is described in the section titled "Table C-1 Narrative" and is located on page 9 of the guidance for institutional agencies and on page 6 in the guidance for non-institutional agencies.

APPENDIX C
COUNTY CODE SHEET

CODE	COUNTY	CODE	COUNTY
01	Adams	45	Licking
02	Allen	46	Logan
03	Ashland	47	Lorain
04	Ashtabula	48	Lucas
05	Athens	49	Madison
06	Auglaize	50	Mahoning
07	Belmont	51	Marion
08	Brown	52	Medina
09	Butler	53	Meigs
10	Carroll	54	Mercer
11	Champaign	55	Miami
12	Clark	56	Monroe
13	Clermont	57	Montgomery
14	Clinton	58	Morgan
15	Columbiana	59	Morrow
16	Coshocton	60	Muskingum
17	Crawford	61	Noble
18	Cuyahoga	62	Ottawa
19	Darke	63	Paulding
20	Defiance	64	Perry
21	Delaware	65	Pickaway
22	Erie	66	Pike
23	Fairfield	67	Portage
24	Fayette	68	Preble
25	Franklin	69	Putnam
26	Fulton	70	Richland
27	Gallia	71	Ross
28	Geauga	72	Sandusky
29	Greene	73	Scioto
30	Guernsey	74	Seneca
31	Hamilton	75	Shelby
32	Hancock	76	Stark
33	Hardin	77	Summit
34	Harrison	78	Trumbull
35	Henry	79	Tuscarawas
36	Highland	80	Union
37	Hocking	81	Van Wert
38	Holmes	82	Vinton
39	Huron	83	Warren
40	Jackson	84	Washington
41	Jefferson	85	Wayne
42	Knox	86	Williams
43	Lake	87	Wood
44	Lawrence	88	Wyandot
		99	Multi-county or Statewide

APPENDIX D
INSTRUCTIONS FOR PRIORITY SUMMARY

Agency Enter the agency three-character code.

Agency Priority Enter the agency priority number for each Table C-1.

Div/Inst. Enter the division or institution name.

Div/Inst. Priority Enter the division or institution priority number for the project as shown on Table C-1.

Fund Enter the three character code for the fund as shown on Table C-1.

Line Item/ALI Enter the line item number as shown on Table C-1.

Type Enter the project type code using the following scheme:

1 = New Construction
2 = Renovation
3 = Site Development and Land Acquisition
4 = Combination New Construction and Renovation
5 = Capital Equipment
6 = Planning
7 = Other

Project/Line Item Name Enter the project name as shown on Table C-1.

1st Biennium Enter the requested appropriation for the 1st biennium.

OBM will give some agencies one or more funding scenarios for the first biennium. Agencies that receive scenarios will need to complete the "Scenario A" column as well as additional scenario columns.

Scenario A Enter the requested appropriation for the 1st biennium using Scenario A funding, if applicable. This item only applies to the 1st biennium.

Scenario B Enter the requested appropriation for the 1st biennium using Scenario B funding, if applicable. This item only applies to the 1st biennium.

2nd Biennium Enter the requested appropriation for the 2nd biennium.

3rd Biennium Enter the requested appropriation for the 3rd biennium.

County Code Enter the county code for the county in which the project is located.

Note:

- Agencies must prepare a list of its requested projects in priority order using the spreadsheet format that OBM has prepared. OBM will provide the spreadsheet in an Excel format and agencies should contact their OBM analyst to get this file.
- A printed copy of the priority summary and a copy of the spreadsheet file in electronic format must be submitted as part of the agency's capital plan.

Special Spreadsheet Considerations:

- Please do not change the file's column widths or numeric formatting. Make sure that the spreadsheet file that is submitted to OBM is saved as an Excel file. If you have a problem saving the spreadsheet file as requested, please notify your OBM budget analyst.

APPENDIX E
ALLOWABLE CAPITAL EXPENDITURE GUIDELINES

Overview

Each capital bill and capital reappropriations bill (the most recent being H.B. 699 and S.B. 530, respectively) sets forth the allowable uses of capital funds. Capital appropriations for buildings or structures, including remodeling and renovations, are limited to:

- Acquisition of real property or interest in real property.
- Buildings and structures, which includes construction, demolition, complete heating, lighting, and lighting fixtures, and all necessary utilities, ventilating, plumbing, sprinkling, and sewer systems, when such systems are authorized or necessary.
- Architectural, engineering, and professional services expenses directly related to the projects.
- Machinery that is a part of structures at the time of initial acquisition or construction.

The higher education institution or the State must own the property on which the capital facility will be located, with three specified exceptions:

(1) The institution or agency has a long-term lease (at least 15 years) of, or other interest (such as an easement) in, the real property.

(2) The Board of Regents on behalf of the higher education institution certifies to the Controlling Board that undue delay will occur if planning does not proceed while the property or property interest acquisition process continues. In this case, funds may be released upon approval by the Controlling Board to pay for planning through the development of schematic drawings only.

(3) If the capital facilities will be owned, or will be part of facilities owned, by a separate nonprofit organization or public body and will be made available to the agency or institution of higher education for its use, the nonprofit organization or public body either owns or has a long-term lease (at least 15 years) of the real property or other capital facility to be improved, renovated, constructed or acquired and has entered into a joint/cooperative use agreement with the higher education institution that meets the statutory requirements for joint/cooperative use agreements.

Joint/Cooperative Use Agreements

The Board of Regents has adopted rules (see OAC 3333-1-03(E)) regarding the release of capital moneys for joint or cooperative use projects. The related agreements, among other subjects, must:

- Specify the extent and nature of that use, extending for no fewer than 15 years, with the with the value of such use or right to use to be, as determined by the parties, reasonably related to the amount of the State appropriation.
- Provide for pro rata reimbursement to the State should the arrangement for joint or cooperative use be terminated.
- Provide that procedures to be followed during the capital improvement process will comply with applicable state laws and rules, including provisions of the capital bill.

- Provide for payment or reimbursement to the higher education institution of its administrative costs incurred as a result of the project, not to exceed 1.5% of the appropriated amount.

Maintenance/Repairs versus Renovations

- Maintenance includes the routine recurring activity, including preventative maintenance that must be undertaken to maintain the operation, functionality, appearance, or safety of a building or structure. Repairs are shorter-term, maintenance related projects. Maintenance and repairs, including maintenance contracts, should be done with operating funds, not capital funds.
- Examples of repairs include: replacing a portion of the plumbing system, installing new vents, replacing sections of flooring or ceiling tiles, and glass replacement.
- Renovations are more extensive enhancements or replacements of buildings or structures or systems and are an appropriate use of capital funds. Examples include renovations of classrooms or other space into computer or research laboratories.

Leases, Lease-Purchase, and Installment Purchases

- Leases and lease-purchases of vehicles or equipment are not allowable capital expenditures.
- Installment purchases are not strictly prohibited, but are generally not approved as allowable capital expenditures.

Allowable Equipment

To be financed with capital funds, equipment must meet **all** of the following criteria:

- Essential in bringing the facility up to its intended use and necessary for the facility to function. The equipment must be an integral part of or directly related to the basic purpose or function of the facility.
- Have a unit cost of approximately $100 or more.
- Have a useful life of at least five years.
- Used primarily in the rooms or areas covered by the financed project.

Allowable equipment would include computers and computer peripherals, workstations, lab and research equipment, desks, file cabinets, carpeting/flooring, blinds, and curtains provided that they satisfy all of the above criteria.

Non-Allowable Equipment

- Equipment not directly related to or essential in bringing a facility up to its intended use.
- Motor vehicles of any kind.
- General supplies and low-cost equipment (unit price of $100 or less).

In most cases, equipment that is being purchased as part of a regular maintenance, upgrade or replacement effort is not appropriate for capital funding. General supplies and low-cost equipment such as adding machines, calculators, phones, common tools, paper stock, staplers, tape dispensers, etc. also are not eligible for capital funds.

INFORMATION TECHNOLOGY/TECHNOLOGY-RELATED PROJECTS

Capital funds may be used to support the acquisition, development, deployment, or integration (including project management) of information technology systems that constitute or are an integral part of approved capital projects. Capital funds may not be used to support the ongoing operation and maintenance of such projects.

ALLOWABLE

Hardware

Capital funds may be used to purchase computers (including personal computers) and related peripherals such as servers, mainframes, printers, scanners, etc.

Software

- Software development and design (akin to facility design and engineering).
- Electronic database resources.
- Purchases of packaged "off-the-shelf" software are allowable if they have an expected useful life of at least five years and meet one of the following criteria:
  - Related to the initial deployment of an agency or university-wide system or other major project deployment (upgrades must be purchased with operating funds)
  - When necessary to bring a newly constructed facility or an allowable piece of equipment up to its intended use (e.g. a computer lab).
- Software licenses with a term of at least five years.

Personnel Expenses

Capital funds may be used to support personnel costs related to the initial development and deployment of an information technology project. Employees temporarily assigned to a capital project should continue to be funded out of operating funds.

NON-ALLOWABLE

Technology Training and Maintenance

Expenses related to personnel training or system maintenance activities (for hardware or software) generally are not allowable capital expenditures. Such costs are to be paid using operating funds. Capital funds may not be used to support the ongoing operation of information technology systems or other regular, recurring expenses.

Software

Capital funds generally may not be used to purchase standard off-the-shelf software (such as Word Perfect, Excel, Outlook and Internet Explorer), or any software package with individual license costs under $500. Such software should be purchased using operating funds. Additionally, capital funds may not be used to purchase software upgrades.

Personnel Expenses

Capital funds may not be used to supplant operating funds for employee salaries.
Capital funds may be used to cover only those labor expenses directly related to the initial development and deployment of a capital project. They may not be used to fund ongoing maintenance and operational expenses of a project once it is developed. In the case of colleges and universities, capital funds may not be used to cover tuition reimbursement or graduate assistantships.

APPENDIX F
CAPITAL FACILITIES MANAGEMENT SURVEY

Agency: _____ ***Contact:*** _____
Phone: _____

Please answer the following questions pertaining to your agency's capital facilities management. You may provide answers directly on this form or on a document you create. If you create your own document, please be sure to include the agency name and the name and phone number of a person that can answer any questions about the agency's responses to the survey questions.

Does the agency maintain a complete inventory of capital facilities? Yes No

If so, how often is the inventory updated?

Does the inventory include information about the condition of the facilities? Yes No

Does the agency have pre-determined maintenance schedules for capital facilities? Yes No

If so, how are such maintenance schedules determined?

How consistently is capital maintenance performed according to such schedules?

Does the agency track items that could be considered deferred maintenance? Yes No

If so, does the agency prepare a dollar estimate regarding the cost to perform such maintenance? Yes No

If the agency tracks estimates of deferred maintenance, what is the current estimate of the agency's total deferred maintenance?

If the agency has identified deferred maintenance, what are the primary factors driving it? (e.g. lack of funding, age of facilities, etc.)

Does the agency conduct regular condition assessments of capital facilities? Yes No

If so, who conducts condition assessments (e.g. institutional personnel, central office, contractor)?

How often are condition assessments done?

When undertaking a project funded with capital appropriations, does the agency use performance measures to track progress (timelines, cost)? If so, please provide an example.

Does your agency use the Fixed Asset Management System (FAMS) to report fixed asset inventory information to the Department of Administrative Services? Yes No

APPENDIX G
PERCENT FOR ARTS PROGRAM

Purpose of Percent for Arts Program

Recognizing this state's responsibility to foster culture and the arts and to encourage the development of artists and craftsmen, the General Assembly has declared it a policy of this state that a portion of the money to be spent by state agencies on the construction or renovation of public buildings pay for the acquisition of works of art to be placed in or on such buildings. In pursuit of this policy, the per cent for arts program, has been established under which quality works of art are to be sold to such agencies by the Ohio Arts Council and, in the process, qualified professional artists are to be recognized. (Section 3379.10 of the Revised Code.)

Provisions of Percent for Arts Program

Applicability

The program is applicable, unless otherwise exempted, whenever more than $4.0 million of state money, whether obtained from the sale of bonds or otherwise, is to be spent by a state agency on the construction or renovation of a public building. Certain types of projects do not meet the definitions of public building or renovation listed below.

Responsibility of State Agency

The state agency shall contract with the Ohio Arts Council to use one percent of the state money to purchase works of art from the Ohio Arts Council for display in or on the public building and to make related outlays.

Calculation of $4.0 Million

The calculation of whether $4.0 million is to be spent shall not be cumulative but shall be based on the amount of each appropriation or each designation of non-appropriated state proceeds of bonds, notes, or other obligations authorized to be sold for a project.

Definitions

Appropriation does not include reappropriations.

Public Building means any building, facility, structure, or park built or renovated using state moneys, including any publicly owned lands or space surrounding or integral to the building, facility, structure, or park but not including:

- Parking lots, sidewalks, maintenance sheds, bridges, tunnels, sewers, trails, fishponds and fishways, or warehouses, unless such structures are adjuncts of the principal element of the project;
- Buildings of a temporary nature;
- Projects to correct any deficiencies or violations of a building or housing code enacted by law;

- Highway construction.

Renovation does not include a project of which the principal purpose is the rehabilitation of plumbing, heating, ventilating, air conditioning, or electrical systems.

Determination/ Reconsideration

The Director of the Office of Budget and Management makes all final decisions about whether a project is subject to the Percent for Arts program. The Director, after consulting with the Ohio Arts Council, may determine that no state money or less than one percent shall be spent for the Percent for Arts program on the basis that:

- Works of art would be out of place in or on the public building or if there would be little opportunity for public appreciation of works of art in or on the public building.
- The value of some features or characteristics inherent in the architectural design of the public building should apply toward the one-percent requirement.
- The public housing is or will be amply supplied with works of art even without works of art purchased from the Council.

A state agency may ask the Director of OBM to reconsider his determination and may submit additional relevant information to the Director as outlined in Rule 126-4-01 of the Administrative Code.

EXAMPLE: $5.0 million is appropriated to a state agency for the construction or renovation of a public building.

$50,000 of the appropriation shall be designated for the Percent for Arts program, unless the Director of OBM, after consulting with the Arts Council, determines that less than one percent or none of the appropriation shall be spent for the program.

Arts Council

Specific questions about the acquisition, commissioning, and installation of works of art under the Percent for Arts program should be directed to Irene Finck of the Ohio Arts Council at 466-2613.