

2019

**Capital Outlay Request Submittal
Useful Information for Participating Agencies**



SECTIONS:

1. Overview of Capital Improvements Plan process (slides 3-13)
2. Submitting Capital Outlay Requests (slides 14-38)
3. Resources & Contact Information (slide 39)

**SECTION 1:
OVERVIEW OF THE CAPITAL
IMPROVEMENTS PLAN PROCESS**



The Capital Improvements Plan

Relevant Statutes and Rules

- State Capital Improvement Planning Act, 62 O.S. §900 – 908
- Oklahoma Administrative Rules, Title 428
- Managed by the Long Range Capital Planning Commission (LRCPC)
- Staffed by OMES, Capital Assets Management – Planning
- Assisted by the State Bond Advisor's Office



The Capital Improvements Plan

Goal

- Systematically plan, schedule, manage, monitor and finance capital projects to ensure efficiency and conformance with state strategic objectives
- Directed by the LRCPC's *Guiding Principles for Real Property Asset Management*

The Capital Improvements Plan

Who participates?

- All state governmental entities, defined:
“The State of Oklahoma or any agency, board, commission, authority, department, public trust of which the state is the beneficiary or other instrumentality of state government, other than a public trust with the state as a beneficiary whose jurisdiction is limited to one county...”

The Capital Improvements Plan

Who is exempted?

- The Ordnance Works Authority
- The Commissioners of the Land Office
- Public trusts with a jurisdiction limited to one county

The Capital Improvements Plan

How is the plan funded?

- Maintenance of State Buildings Revolving Fund
 - Sales proceeds from real property transactions
 - Direct appropriations
- Other sources
 - Agency revolving funds
 - Federal funds
 - Grants, gifts & donations
 - Section 13 and Section 13 Offset (higher ed.)

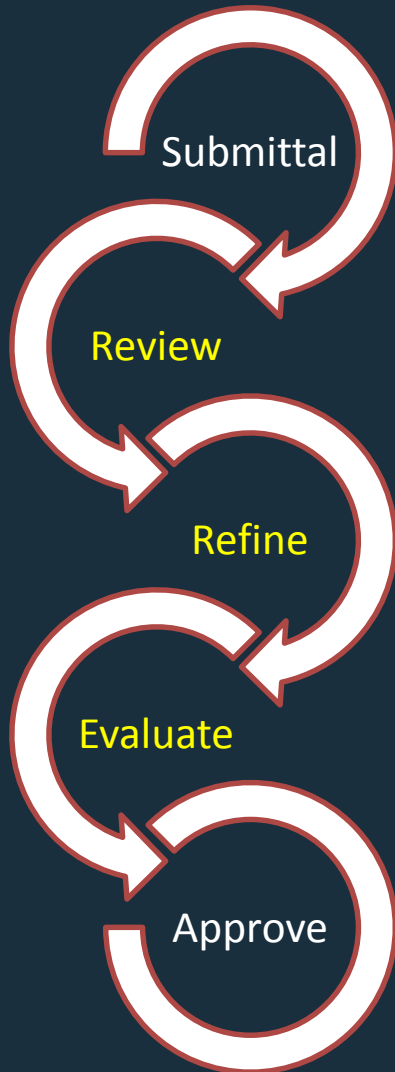
The Planning Process



Submittal

- Agency's internal development and prioritization of requests
- By June 30: Submit capital outlay requests to OMES-Planning utilizing provided spreadsheet

The Planning Process



Review, Refine & Evaluate

July-October

- Review by OMES-Planning using:
 - LRCPC Guiding Principles
 - Evaluation guidelines
 - Agency strategic plan
 - Statewide performance measures
- Submittal may be returned to agency for edits or additional information

Plan Development

- OMES-Planning staff develops draft plan
- LRCPC Review:
 - First draft of plan presented in September
 - Final draft presented in November

The Planning Process



Plan Approval

- LRCPC approval
 - November/December
- Legislature approval
 - Plan submitted on or about December 1
 - Project list submitted within first 7 days of session
 - 45 days to review project list
 - May disapprove in whole or by line-item through a concurrent resolution
 - If no resolution by 45th day, plan is considered approved
- Plan approval is a separate action from funding approval

Implementation

- If plan is approved, project implementation begins July 1st (one year after submittal deadline)
- OMES-Construction and Properties (CAP) manages implementation of approved projects
- Implementation is contingent upon the Legislature appropriating funds to the Maintenance of State Buildings Revolving Fund.

Timeline

2019

December 1:
LRCPC submits
CIP to
Legislature

June 30:
Request
deadline for
FY2021-2028
CIP

2020

45 days:
Legislature
considers
FY2021-
2028 CIP

1st 7 days of
session:
LRCPC submits
FY2021
project list to
Legislature

July 1:
FY2021 Project
Implementation
begins

June 30:
Request
deadline for
FY2022-2029
CIP

2021

45 days:
Legislature
considers
FY2022-
2029 CIP

1st 7 days of
session:
LRCPC submits
FY2022
project list to
Legislature

July 1:
FY2022 Project
Implementation
begins

June 30:
Request
deadline for
FY2023-2030
CIP



SECTION 2: Submitting Capital Outlay Requests



LRCPC's Evaluation Guidelines



What is a Capital Project?

- A planned expense for a facility or physical item requiring a minimum expenditure of **\$25,000**, having a useful lifespan of **five years** or more, and meeting one of the following definitions:
 - Involves the acquisition or construction of any physical facility;
 - Involves the acquisition of land;
 - Involves the acquisition or construction of public utilities;
 - Involves the acquisition of major equipment or physical systems, such as computer technology, communications systems, major specialized vehicles, etc.;



What is a Capital Project? (con't)

- Involves modifications to facilities, including additions to existing facilities, which increases the useful life of the facility, and/or
- Capital maintenance or replacement projects on existing facilities, which are defined as non-recurring projects to repair, maintain or replace existing facilities for the purpose of protecting the state's investment in a facility and minimizing future maintenance and replacement costs. To be considered a capital maintenance project, a project must have an interval between expenditures of at least five years.

Capital projects do not include normal operating expenditures for salaries, routine maintenance or repair, or activities associated with or consumed during a single fiscal year.



LRCPC's Evaluation Criteria

- Nine criteria adopted by the Long Range Capital Planning Commission
- Used to prioritize capital outlay requests for funding
- Agencies must self-rate their requests using the guidelines and associated rating scales
- Rating scales are included on submittal spreadsheet



LRCPC's Evaluation Criteria

A. Impact on Capital Costs

- Describe the project's ability to reduce capital costs by avoiding the snowball effect of deferred maintenance

Considerations:

- Total cost of project
- Anticipated savings on capital expenses
- Will delaying the project escalate costs beyond normal inflation?

LRCPC's Evaluation Criteria

B. Impact on Operating Costs

- Describe the project's impact on the agency's operating budget.

Considerations:

- Will the project increase/decrease:
 - Operating costs?
 - State revenues?
 - Productivity?

LRCPC's Evaluation Criteria

C. Leverage

- Describe how non-state funding will be leveraged to complete the project.

Considerations:

- Amount of non-state funding used for project
- Ratio of non-state to state funding
- Is receipt of the non-state funding dependent on receipt of state funding for project?

LRCPC's Evaluation Criteria

D. Legal Obligations and Mandates

- Describe any court orders, federal mandates or state laws that require the project's completion.

Considerations:

- Do existing laws make the project feasible?
- Is the agency is under direct order to complete the project?
- Is the project needed to meet minimum federal or state requirements?

LRCPC's Evaluation Criteria

E. Impact on Service to the Public

- Describe how the proposed project improves the level of service provided by the agency.

Considerations:

- Does the service already exist within other agencies?
- Does the project focus on a service that is currently a high priority public need?

LRCPC's Evaluation Criteria

F. Urgency of Maintenance Needs

- Describe how project will maintain or restore essential service.

Considerations:

- Is the service currently interrupted or in imminent danger of being interrupted?
- Will project restore service?
- Is the project the most cost-effective way to restore or maintain service?

LRCPC's Evaluation Criteria

G. Prior Phases

- Describe any prior expenditures and completed phases for the project.

Considerations:

- Has the project received prior funding?
- Does the project require additional funding in order to be fully operational?

LRCPC's Evaluation Criteria

H. Agency Mission and Strategic Goals

- Describe how the project advances the mission of the agency.

Considerations:

- Does the project address a goal outlined in the agency strategic plan?
- What is the project's priority among other projects proposed by the agency?

LRCPC's Evaluation Criteria

I. Safety and Health

- Describe how the project addresses health-related environmental and safety impacts.

Considerations:

- Addresses a health-related environmental or safety hazard
- Reduces risk to the public or to state employees

Cost Estimation & Phasing



Cost Estimation

- Be as accurate as possible
- Some options:
 - Submit a professional estimate, if available
 - Use recently completed projects to estimate costs, if similar to request
 - Use industry-standard sources to estimate (RS Means)
 - Contact OMES-CAP for assistance
- If you are re-submitting a previous year request, adjust your request to reflect increases to construction and materials costs.



Project Phasing

- Schedule your requests over the eight year period of the plan
- Phase your projects by year according to what you can accomplish
 - Ex: project phased over four years
 - Year one: Pre-design and A&E
 - Year two: 50% of construction funding
 - Year three: 50% of construction funding
 - Year four: FF&E funding

Pointers for Submitting Your Requests



How to avoid a submittal rejection

- Ask yourself, “What information would I need to make an approval recommendation on this request?”
- Keep it concise while providing adequate information
- Attach relevant and accurate supporting documents
- Answer all questions
- Self-rate your submittals
- Meet the June 30th deadline

The Capital Outlay Request Form

(spreadsheet provided by OMES-Planning or at

<https://omes.ok.gov/services/capital-planning>)



Capital Outlay Request Form

- Collects the data needed for LRCPC to determine project necessity and funding prioritization
- Hover over fields with a red upper-right corner for more information about the field
- Fields shaded in gray will self-calculate
- Rating section includes pre-populated, weighted drop-down lists with rating explanations



Project Information, Columns A-N

- Project Name- be brief; should include facility name and project activity.
 - *Ex: Anderson Health Center, Bldg. A Roof Replacement*
- Project Description- explain specifically what the project will accomplish and why it is needed.
- Be sure to include your agency's ranking of projects in column N. If you have 20 requests, they should be ranked 1-20.



Funding Information, Columns O-CD

- Enter project funding in appropriate source columns:
 - Columns O-V: State appropriations
(Maintenance of State Buildings Revolving Fund)
 - Columns X-AE: Federal matching programs
 - Columns AG-AN: non-matching Federal sources
 - Columns AP-AW: Agency revolving funds
 - Columns AY-BF: Gifts, donations, private sources
 - Columns BH-BO: Other Sources
- Columns BZ-CB: Cost estimate information



Project Justification, Columns CE-CN

- Use this area to explain:
 - Why the project is needed
 - Consequences of delaying the project
 - Impacts on your agency's operating budget
 - Impacts on services provided to the public
 - How the project helps your agency achieve it's mission
- **This section must justify how you self-rate your requests.** High ratings without justification will be prioritized accordingly.



Request Evaluation, Columns CO-CX

- Rate your requests utilizing the LRCPC Evaluation Guidelines (hover over title field on spreadsheet for more info).
- Scoring fields are pre-populated with possible scores. Choose the appropriate rating based on the justification information that you provided.
- “Total Rating” will auto-calculate using the weighting system approved by the LRCPC.

Contact and Resources

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Evaluation Guidelines, Capital Outlay Request Form and other information can be found at:

<https://omes.ok.gov/services/capital-planning>

