



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
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Memorandum

TO: Department Directors and Agency Heads

FROM: Thomas A. Mullaney *Thomas A. Mullaney*
Executive Director/State Budget Officer

DATE: May 5, 2016

SUBJECT: FY 2018 – FY 2022 Capital Budget Instructions
Due Date for Submission – July 15, 2016

The Capital Budget instructions for the FY 2018 – FY 2022 planning period are now available for download from the Office of Management and Budget/Budget Office web site www.omb.ri.gov/budget/instructions/ under the Capital Budget tab. This manual describes how to prepare capital budget requests for consideration by the Office of Management and Budget (OMB), the Governor and the Legislature. The concepts and guidelines in this manual are the result of an ongoing effort to improve the capital budgeting and planning process within the State of Rhode Island.

To enhance customer service to agencies and to improve the quality of capital budget submissions, OMB is making several changes to the capital budget process this year:

- **Consultation with DCAMM** – Most executive branch agencies will be required to consult with the Department of Administration's Division of Capital Asset Management & Maintenance (DCAMM) for any capital budget requests for vertical construction projects – that is, building construction, renovation or demolition, but not road building or open space acquisition. Depending on the project, DCAMM may assist with project scoping, timeline, cost estimation, project management, and/or other guidance.
- **IT Project Inventory & DoIT Consultation** – Departments have noted their uncertainty about identifying the appropriate funding source for information technology projects. In response, OMB and the Department of Administration's Division of Information Technology will work with departments to develop an IT project inventory and provide feedback on the most appropriate funding sources to help with budget development. *Due June 10, 2016*

- **Vehicle Replacement Schedule** – The Governor’s FY 2017 budget recommends hiring a fleet management service to assist with vehicle replacement and to encourage more timely maintenance of state vehicles. Because the proposal would affect the passenger vehicles in the state fleet, OMB will no longer request a vehicle replacement plan from departments and agencies as part of the capital budget submission.

Several of the guidelines and requirements in this manual have changed from last year’s process. Please review these instructions carefully to make sure your project submissions are providing all of the information requested. This will avoid problems in the review of these projects, which could impact their approval and funding. It is important for all staff to understand the concepts and policies presented in this manual.

Again this year, the Budget Office will be providing an Access database to each agency to assist in the development of its capital budget request. The goal will be to send the updated database by May 11, 2016. Agency staff should update and expand upon the information for those projects included in the existing Capital Improvement Plan. Since resources available for new projects during the planning period will be limited, requests for new projects should be included only in later years of the plan. New projects in the early years of the plan will only be considered if the agency is requesting to delay or replacing existing projects in order to provide for a new project that is now deemed to be of a higher priority.

Also, for any requests for new construction or major renovations that are not currently part of the five year capital improvement plan, only financing for a feasibility study should be requested in your capital request. Too often agency estimates of the cost of new construction are significantly understated resulting in major funding issues after a project has been approved. To avoid these circumstances in the future, feasibility studies are required for all new construction or major renovation projects.

The initial IT inventory is due June 10, 2016, which will allow OMB and DoIT time to review and make funding source recommendations before completion of the capital budget. **The due date for submission of agencies’ FY 2017 – FY 2021 Capital Improvement Plan is July 15, 2016.** It is important for all agencies to meet this deadline to ensure enough time for the proper review of all requests. Budget Analysts and DCAMM staff will be working with agencies in the development of this year’s requests as a way of improving their understanding of projects and to expedite their review of your capital request.

If you have any questions concerning these instructions or need assistance in developing your capital request, please contact your assigned Budget Analyst.

I appreciate your continuing efforts in making our capital budgeting process successful.

cc: Chief Financial Officers