



**FY 2018 - FY 2022
Capital Budget & IT Inventory
Instructions Manual**

**State of Rhode Island
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INTRODUCTION

This manual is the *Capital Budget Instructions* for the FY 2018 - FY 2022 planning period. It describes the policies and procedures by which agencies should prepare capital budget requests for consideration by the Office of Management and Budget, the Governor, and the General Assembly.

The Capital Improvement Plan (CIP) is a five-year plan identifying capital projects for funding during the planning period. The CIP identifies each proposed capital project, 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 those expenditures.

In recent years, departments have also asked for guidance about planning and funding information technology projects. To address that need, this manual includes instructions for departments to create an Information Technology Project Inventory. This initiative will provide departments, the Office of Management and Budget, and the Division of Information Technology with greater information in developing a long-term approach to planning and funding IT projects.

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 and encourage the use of master planning for state properties
- 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
- Prioritize capital projects that have a high return on investment (ROI)
- Prioritize capital projects that can be executed in a timely manner

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 and impact on related programs. The capital budget request forms allow agencies to advocate for their requests by presenting detailed project information. Providing quality documentation of the project's need and cost allows for more meaningful consideration by the Office of Management and Budget, the Governor and the Legislature.

Each agency should be as detailed and specific as possible by including a full description of each project, the rationale for the project, its costs, return on investment, future funding requirements, project schedules, and associated operating budget impacts. In addition, OMB's Budget Office has instituted a policy requiring all agencies to update the Budget Office on a regular basis on the status of each capital project. This information will help ensure that agencies spend their capital allocation on time. If agencies do not meet their budgeted target, they may receive lower priority for future RI Capital Plan Fund appropriations.

Consultation with Division of Capital Asset Management & Maintenance (NEW)

Starting in the FY 2018 capital budget cycle, the Department of Administration's Division of Capital Asset Management & Maintenance (DCAMM) will assist most agencies with their capital requests prior to submission. DCAMM has assumed a greater role in capital and facilities project management. DCAMM is also developing master plans and asset management tools for state facilities to assist with long-term planning.

In the FY 2018 – 2022 cycle, departments must consult with DCAMM prior to submission of 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. Agencies are responsible for scheduling DCAMM meetings by contacting Sandra Schenck at Sandra.Schenck@doa.ri.gov or 401-222-1371.

Note: The requirement to consult with DCAMM applies to executive branch departments. Consultation with DCAMM is optional for the General Assembly, Judiciary, elected officials, quasi-public entities, and higher education institutions.

New Construction Projects / Feasibility Studies

Requests for new construction projects, such as new buildings or major renovations to existing structures, should be included in the agency's capital budget request. If your agency plans to build a new facility of any type (office building, laboratory, dormitory, etc.), first-year funding for the project should include only 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 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. DCAMM can help departments determine how much funding will be required for a feasibility study based upon the type of project sought.

Information Technology Project Inventory (NEW)

Information Technology Projects may be funded by a number of sources – capital budget, borrowing through certificates of participation (COPS), the Information Technology Fund, or operating budgets (general revenue, federal grants, restricted receipts and/or other sources). In recent years, departments have expressed uncertainty about how best to request funding for upcoming projects.

To address this concern, the Division of Information Technology (DoIT) will work with departments to develop a project inventory. Departments will submit the inventory in June, allowing OMB and DoIT to provide feedback about whether to submit projects as part of the capital budget, operating budget, or through another funding mechanism.

- **Note:** Departments are responsible for reaching out to DoIT to schedule a meeting. See Appendix A for a list of DoIT contacts; if you need additional assistance, contact Carol Ciotola at 222-4444 or carol.ciotola@doit.ri.gov.
- **Note:** The IT project inventory is not solely for projects that may qualify as capital assets. Departments should develop plans for all anticipated IT projects.

Vehicle Replacement Plan (NEW)

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 as part of the capital budget submission. For departments with a large number of non-passenger vehicles (e.g., maintenance equipment, trucks, public safety vehicles, etc.), OMB may request additional information as part of a department's operating budget request.

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 approval by the General Assembly prior to agency expenditures. 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 Office of Management and Budget and, potentially, the Legislature.

Rhode Island Capital Plan Fund

As a result of a constitutional change in 1992, the state created a Budget Reserve and Cash Stabilization Fund. Each year three percent of general revenues are deposited into this “Rainy Day Fund” until the fund reaches five percent of total resources. Once this 5% level is reached, any additional revenues are deposited into the Rhode Island Capital Plan Fund. Following a change to the R.I. Constitution in November 2006, 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.

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.

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 heating, ventilation and air conditioning (HVAC) systems, wiring system upgrades, 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

Capital projects should have a clearly defined scope of work that can be used to develop specifications that can be put out to bid. For minor projects, the Division of Purchases' Master Price Agreements (MPAs) can be utilized in instances where the project is small and does not exceed the work order limit outlined in the MPA. When the capital project exceeds the MPA work order limit, the agency must prepare a requisition along with detailed specifications and forward to the Division of Purchases for bid.

- Note: Departments should not divide a capital project into smaller components and hire vendors on a piecemeal basis. Capital projects should have a single scope of work and be bid as one project.

Again, capital funds, including RICAP, bonds, certificates of participation, 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.

Information Technology Projects in Capital and Operating Budgets (NEW)

In limited circumstances, information technology projects may qualify for funding through the capital budget process – whether through appropriation in the capital budget or through certificates of participation (borrowing usually backed by future revenues or cost reductions).

To address departmental concerns about not knowing the appropriate funding source for IT projects, staff from the Division of Information Technology (DoIT) will work with departments to develop an inventory of all major IT projects in the coming years. This provision applies to all executive branch agencies, except elected officials, quasi-public agencies and higher education.

Departments should reach out to their DoIT representative as soon as possible to start work on the inventory. See Appendix A for a list DoIT contacts; if you need additional assistance, contact Carol Ciotola at 222-4444 or carol.ciotola@doit.ri.gov. Appendix B contains a template for the IT project inventory.

OMB and DoIT will review this list and provide recommendations to departments about the appropriate funding sources. In case any projects qualify for capital funds, OMB intends to provide feedback on the inventory no later than July 1, 2016, so they can be included in the capital budget submission.

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 ongoing projects, even if they are not requesting additional funding for these projects or funding for new projects.

This year, the Division of Capital Asset Management and Maintenance will work with most executive branch departments in reviewing potential projects, project scope, costs and other project details. To ensure appropriate time to review, departments should contact DCAMM point as soon as possible. Agencies can schedule DCAMM meetings by contacting Sandra Schenck at Sandra.Schenck@doa.ri.gov or 401-222-1371.

The capital budget request, as outlined below, must be submitted to the Budget Office by **July 15, 2016**. Budget Analysts will review and analyze these requests and prepare an analysis with recommendations.

Agencies may be asked to present an overview of their Capital Improvement Plan request, highlighting their priority projects, to OMB, DCAMM, and other stakeholders. OMB's Budget Office will schedule these meetings after the submission date of July 15, 2016. Subsequent to these meetings, OMB will develop its recommendations for submission to the Governor.

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 15, 2016**. Copies of agency requests must also be sent to the House and Senate Finance Committees, directly by the submitting agency. 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>
5/7/2016	Distribute FY 2018 - FY 2022 Capital Budget Request Instructions
5/11/2016	Distribute Access Database with Agency Data
5/9 - 5/13/2016	Training sessions for Capital - IT budget process
5/9 - 6/3/2016	Agency consultation with Division of Information Technology on IT projects
5/9 - 6/3/2016	Agency consultation with Division of Capital Asset Management and Maintenance on capital and asset protection projects
6/10/2016	Departments submit IT project inventory to OMB
6/13 - 7/1/2016	OMB & DoIT review project inventory and develop guidance on funding
7/1/2016	OMB & DoIT provide IT project funding guidance to departments
5/9 – 7/15/2016	Agency Development of Capital Budget Requests
5/16 – 9/2/2016	Site Visits to Major Capital Projects by OMB & DCAMM Staff
7/15/2016	Agency Submission of Capital Budget Requests to OMB’s Budget Office and House and Senate Fiscal Staffs
July – Sept. 2016	OMB, DCAMM and other Stakeholders Meet with Departments on their requests

INFORMATION TECHNOLOGY PROJECT INVENTORY

IT Project Funding Sources

Information technology projects may currently be funded in one of five ways:

- RI Capital Budget (RICAP) – For larger infrastructure/hardware projects (Note: Few IT projects have been approved for funding in the capital budget.)
- Information Technology Investment Fund (ITIF) – A separate fund used normally for department-specific or interagency projects intended to achieve programmatic improvements. (Note: ITIF is supported through appropriations and the sale of state property and has limited resources.)
- Certificates of Participation (COPS) – Funded by borrowing, COPS projects normally lead to increased revenues or operational savings
- Operating Budget – General Revenues – Project development and/or maintenance funded through general revenues in the operational budget
- Operating Budget – Other – Project development and/or maintenance through grants, federal funding, etc.

DoIT Consultation & Completing the IT Project Inventory

In an effort to improve customer service and help inform agency budget requests, OMB is requesting a project inventory for all major ongoing and anticipated projects. This requirement applies to all executive branch agencies, except elected officials, quasi-public agencies and higher education.

DoIT's agency leads will work with agencies to compile this information for OMB and DoIT review. Departments are responsible for reaching out to DoIT to schedule a meeting. See Appendix A for a list DoIT contacts; if you need additional information, contact Carol Ciotola at 222-4444 or carol.ciotola@doit.ri.gov.

Each project on the inventory spreadsheet should include the following information:

1. Agency Code – Select agency's three digit code
2. Agency Name – Auto-populates the agency name from agency code
3. Priority – Rate the project on a scale of 1 to 99. Multiple projects may not have the same priority ranking
4. Point of Contact Name & Email – Person who will serve as point person for the project and can provide additional information, if requested
5. Project Name– Provide a short but descriptive name for the project (e.g., “Statewide e-Permitting,” “DBR Professional Licensing,” etc.)

6. Project Description – Provide a detailed description of the intent and project scope (required hardware, software, programming, etc.). If the project is modifying or replacing an existing system, please note the current system.
7. Justification – Explain the rationale for the project, including any expected operational, programmatic or other improvements. If the project is required – whether for statutory, regulatory or other reasons – note it here.
8. Quantifiable impact on savings, performance, etc. (for ROI calculation) – The agency should quantify any positive impact of the new IT project, including reduced storage costs (e.g., paper files), increased staff productivity, etc.
9. Desired Start Date – Specify a date or month/year
10. Duration – The expected time needed to implement the project. (This will help DoIT with planning and scheduling.)
11. Estimated Project Cost – Include the total project funds required for completion (not including ongoing annual maintenance or licensing fees) and the associated time frame. (For example, \$600,000 in FY 2018; \$300,000 in FY 2019)
12. Ongoing Maintenance Cost? (Y/N) – After the project is complete, does the agency expect subsequent maintenance or licensing costs?
13. Estimated Annual Maintenance Cost – Provide the expected annual amount of maintenance or licensing fees. If the new project annual cost will replace or modify an existing annual cost, please note the net difference (e.g., \$25,000 annually, \$15,000 less than current fees)
14. Sources of Available Funding (Fed, Grant, ?) – List any available resources for the project other than capital or general revenues.
15. Planned Funding Source – Agency – List the funding source the agency currently expects to use for the project, if known
16. Other Notes– Any additional information that will help OMB and DoIT in reviewing the project.

A template is provided in Appendix B to assist agencies. Please send the completed inventory to Brian Daniels at brian.daniels@omb.ri.gov, by June 10, 2016, copying your agency's DoIT point of contact.

OMB and DoIT will review the inventory and make recommendations about appropriate funding sources by July 1, 2016. Departments may then request the projects in the capital or operating budget request, as recommended.

Note: A recommended funding source from OMB and DoIT does not guarantee funding in the budget. However, priority projects will receive consideration as part of the capital and operating budget deliberations.

FY 2018 - FY 2022 CAPITAL IMPROVEMENT PLAN DEVELOPMENT

Funding Availability

As agencies develop their FY 2018 - FY 2022 capital improvement plan, they should 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 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 a department's capital improvement plan request with adequate information to allow for meaningful consideration of the project by the Budget Analyst, Office of Management & Budget, 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 2018 - FY 2022 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, and 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 Office of Management and Budget 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 Office of Management and Budget, the Governor, and the Legislature.

The Office of Management and Budget's Capital Database includes 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 by May 11, 2016.

Consultation with DCAMM

Before agencies enter or revise projects in the Capital Database, they should meet with representatives with the Division of Capital Asset Management and Maintenance. Depending on the project, DCAMM may assist with project scoping, timeline, cost estimation, project management, and/or other guidance. Agencies can schedule DCAMM meetings by contacting Sandra Schenck at Sandra.Schenck@doa.ri.gov or 401-222-1371.

Note: This guidance to consult with DCAMM applies to most executive branch departments undertaking vertical construction projects – building construction, renovation or demolition, but not road building or open space acquisition. Consultation with DCAMM is optional for the General Assembly, Judiciary, elected officials, quasi-public entities, and higher education institutions.

Assembling Agency Capital Request Documents

The Capital Budget Request submission for your agency must be submitted by **July 15, 2016**. Three (3) bound copies of your request should be submitted to the Budget Office, and one copy each directly 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. Overview Reports: Agencies should include one copy each of the following :
 - *Projects Priority Order Report* – List of all agency projects in priority order
 - *Agency Request vs. Plan Report* – Displays both the current financing plan for all agency projects and the funding requested
 - *Summary Report* – Lists all of the agency’s project requests, should follow the Transmittal Letter. Projects should be compiled and presented in priority order.

Note: The database prohibits two projects from having the same priority.

3. Project Reports: Agencies should include one copy each of the following, in project priority order:
 - *Project Narrative Report* – Shows the Project Description, Project Justification, Project Status, Strategic, Critical Criteria and Return on Investment for each project
 - *Project Cost Report* – Displays the project costs for each project, with totals by type of cost and by fiscal year

The aforementioned reports are generated using information entered by the agency into the Capital Database. Instructions on filling out these forms are provided in the ‘Instructions for Using the FY 2018-2022 Capital Database’ document that will be distributed in conjunction with the Capital Database by May 11, 2016. The following sections detail the information shown in each field of the required reports.

Projects Summary Report

The Summary Report lists all of the agency’s project requests in one report. All projects requested during the FY 2018 - FY 2022 CIP are to be itemized in priority order according to the Priority Ranking given to each on the Project Narrative and Justification Report. The information to be provided on this report is as follows:

1. Department/Agency: The name of the Department or Agency requesting the project.
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 / Identifier: The name and identifier for this project as shown on the Project Narrative and Justification Report.

Agency Request vs. Plan Report

The Agency Request vs. Plan Report lists each agency project

1. Department/Agency: The name of the Department or Agency requesting the project.
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 & Identifier: The name and identifier for this project as shown on the Project Narrative and Justification Report.
4. Project Funding – Shows proposed funding for the project through FY 2022. If the project is already part of the agency’s capital plan, it will show any modifications to the earlier plan.

Project Narrative Report

The Project Narrative report is intended to provide an overview and basic description of each project for inclusion in the FY 2018 - FY 2022 CIP. This information will be used in determining the appropriateness, necessity and importance of each project. **Therefore, agencies should be as complete and detailed as possible in the information they provide.** (Appendix C contains an example of a completed Narrative report for reference.)

Each section of the Project Narrative Report is listed below with a brief description of the information required in the four separate, corresponding: Project Set Up, Project Narrative, Strategic Criteria and Critical Criteria.

1. Department/Agency: The name of the Department or Agency requesting the project.
2. Project Identifier: Each project must have a unique identifier, which will be used in Office of Management and Budget’s Capital Budget Database. Project Identifiers for agency projects contained in the current CIP are provided in Appendix D. 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.omb.ri.gov/budget/instructions/).
3. 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.”

4. 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. If you do not establish a priority ranking, OMB will do so without your input.
5. Contact: Provide the name, phone number and email address of the person most appropriate to contact with any questions concerning this particular project.
6. 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. Please note, this is not the address at which the contact for the project is located.
7. Project Description: Describe the project you are proposing, what type of work will be done, etc. Be as descriptive and factual as possible and use layman'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. Agencies should also note how the project will be managed (e.g., in-house, contracted project manager, DCAMM, etc.). 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 qualitative opportunity to justify the need for the proposed project and describe the major benefits or reasons why this project is required. *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.* Justifications may include:
 - Efforts to addresses current facility inadequacies
 - Consistency with agency's strategic plan or facility master plan
 - Responses to new and/or increasing service demands
 - Benefits to the environment, health and safety issues, etc.
 - Requirements or mandates under 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.)
 - Implications of delaying this project beyond the year(s) for which funding is requested, or of not approving this project at all.

9. Project Status (if an on-going project): If this project is a currently approved project within the FY 2017 - FY 2021 Capital Plan, this section should be used to provide an update as to the status of the project. Status should be as of the end of June 2016, but should also highlight any major activity planned for the summer months of 2016.
- When is the project currently scheduled to be completed?
 - Are there any significant barriers?
 - 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.

Note: 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 (enter “N/A” in the text field).

10. Strategic Criteria: All capital projects requested as part of the FY 2018 - FY 2022 CIP will be scored based upon various strategic criteria. This score measures 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 Office of Management and Budget, the Governor and the Legislature. It is, however, an attempt to define some basic evaluation criteria that can be applied against statewide, competing requests. Strategic criteria score will be one of several factors in the overall decision-making process.

The seven Strategic Criteria listed below will contribute to each project’s strategic score. Agencies should provide applicable information under each criterion and to select the most appropriate ranking from choices provided. Completion of Strategic Criteria forms will be **required** for the FY 2018 – FY 2022 CIP. **Submissions that do not include the completed strategic criteria will be returned to the submitting agency.**

A. Safety Concerns / Code Violationsnone, minor, major

Departments should note whether projects address minor or major safety issues and/or code violations. Projects that address existing or avoid potential safety issues or code violations will be rated higher priority. This section should explain the nature of the safety issue and the potential danger if left uncorrected. For code violations, please note any specific violations (e.g., fire and building codes, ADA, environmental laws, etc.)

B. Regulatory / Licensingnone, minor, major

Please note whether the project addresses any regulatory or licensing shortfalls (e.g., Joint Commission criteria for health facilities, etc.).

C. Energy and Environmental Impactnone, positive, negative

Projects will be evaluated based upon their potential negative or positive impact on energy consumption or the environment. Projects that reduce energy usage and/or environmental impact will be rated higher priority.

D. Customer Servicenone, minor, major

Projects will receive higher ratings if they improve customer service and have a direct benefit to Rhode Island residents (e.g., increased accessibility, better layout for shorter wait times, etc.). This section should provide an explanation as to how customers would be better served by the project.

E. User/Non-State Financingpercent matching funds

The evaluation will take into consideration projects that leverage non-state funding based upon the project cost covered by other sources of 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.

F. Budget / Status..... Budgeted & Started; Budgeted, Not Started; Not Budgeted

Projects included within the approved FY 2017 – FY 2021 five-year capital improvement plan will be considered a higher priority but are not necessarily guaranteed continued funding.

G. Return on Investment (ROI)..... Calculated

The agency must quantify the return on investment of the capital project, comparing benefits and costs. The benefits of the project, in terms of items like jobs created, programmatic impact or operational efficiency must be compared to the quantitative costs of the project. Projects with clearly positive ROI will be prioritized over those projects with low or unavailable ROI. (Appendix E provides a template and an example to help departments calculate ROI.)

Project Costs and Financing Reports

The Project Costs/Financing Reports will provide the estimated breakdown of the types of costs associated with each project and the proposed method of financing those costs. Within the Access Database, this information is entered in two forms: Project Costs (Step 4) and Project Financing (Step 5).

Note: If a project was included in the department's previous capital plan, it will appear on the Project Cost and Project Financing worksheets with "Plan" as a Status ID. Departments may modify existing figures under "Plan." New items should be entered as "Requests."

Amounts entered in the Project Financing (Step 5) 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 occur. Although the CIP is for the five-year period of FY 2018 - FY 2022, additional columns/fiscal years are included on these forms.

The Capital Budget request is also used to obtain a status update on all outstanding capital projects. Therefore, any currently approved project that will not be completed prior to June 30, 2016, 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-2017 - All expenditures on this project up to and including June 30, 2016. Expenditure data should relate only to ongoing previously approved projects; new projects should not have any expenditures in this column.
2. FY 2017 - Anticipated expenditures in FY 2017 for ongoing previously approved projects or new projects approved for FY 2017 in the FY 2017 - FY 2021 CIP.
3. FY 2018 - FY 2022 - Anticipated expenditures in these fiscal years for any ongoing previously approved projects, new projects approved in the FY 2017 - FY 2021 CIP, or new projects requested in this Capital Budget request.
4. Post - FY 2022 - Anticipated expenditures that will fall into later fiscal years for projects that begin in FY 2022 or earlier. No new projects beginning after 2022 should be shown in this column.

Project Costs - Category of Expenditure

On the Project Cost Form (Step 4 of 5), agencies should provide a percentage breakout of the types of costs the project will entail. This information will give OMB a better understanding of where funding will be spent. The broad categories contained in the Access Database are listed below.

1. Architectural/Engineering/Professional Services: 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.
2. Percent for the Arts: 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 F for background)
3. Construction/Development: All the recognized and logistical component parts 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.
4. 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 Project Justification section of (Step 2).
5. Environmental Remediation: Any remediation that must be performed to a property in order to comply with federal and state environmental regulations.
6. Facility Improvements/Renovations: Improvements or renovations to existing facilities. This category includes asset protection projects.
7. Fees: Any additional fees which will be required as part of this project including, but not limited to, the State Building Code Commission fees for construction management of large projects. (See Appendix F for fee information)
8. Furniture, Fixtures, Equipment: 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 associated with primary service activities of 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. Other IT systems, hardware or software that may be capitalized according to Accounts and Controls should be entered under the Information Technology category. All other computer equipment should be budgeted within the operating budget.

9. Grants: Any funds that are a pass-through to other organizations (i.e., local communities) to fund a capital project.
10. Bond Issuance Costs: Costs 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.
11. Information Technology: IT projects, such as new IT systems or costly hardware/software, which the State's Office of Accounts and Controls deems can be capitalized.
12. Land Acquisition: Costs associated with the acquisition of land required in connection with the project.
13. Other: Any additional costs associated with this project, which do not fit one of the preceding categories. A brief description of the cost should be provided.
14. Program Planning: 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.
15. ROW Acquisition: Costs associated with or incidental to the acquisition of right-of-way required in connection with the project. Costs of ROW surveys and studies should be captured under Program Planning.
16. Site Improvement: 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.
17. Feasibility Study: This category is for funding to study a specific project to determine costs prior to a request for full funding.

Note: The sum of the percentages for each fiscal year must total 100% for any year in which there is financing.

Financing/Source of Funds

This section (Step 5) identifies the financing source or sources for the project. 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. For the FY 2018- FY 2022 CIP, line sequences must be provided for all applicable fund sources and agencies. When there are multiple line sequences for one funds source, a row must be entered for each line sequence indicating the respective requested budget. 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 2016 Capital Budget and this 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 2018 and thus, funding from a bond approved at this election would not be available until July 2019 (FY 2020).
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 Project Narrative, 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).