

CHAPTER 3

ESTABLISHING AND REVISING A PROJECT

Policies for Establishing and Revising a Project

The Joint Bond Review Committee (JBRC) established a policy concerning permanent improvement projects in November 2007 which governs the establishment and revision of most permanent improvement projects. Because all projects must be reviewed by JBRC before they are submitted to the Budget and Control Board for approval, the policy has also become a policy of the Board de facto. Under the policy, permanent improvement project requests for construction or renovation work are approved by JBRC in two phases.

In Phase I, JBRC will approve project establishment requests for pre-design and limited design services only. In Phase II, the Committee will approve funds for complete design and construction or renovation after a project has been established for the pre-design and limited design services, the services have been completed, and the project scope and cost estimates have been established. Approval of the Phase I pre-design project does not guarantee approval of the Phase II project or construction budget, for which JBRC will expect the need to be fully described and justified. This policy resulted from JBRC's increasing concerns about cost overruns and scope changes to projects, resulting in numerous budget increases. Completion of the Phase I pre-design services is a necessary condition of establishing the Phase II full design and construction budget. Requests for approval of Phase I services must include all costs for Phase I. The specifics of the policy are discussed in more detail in Chapter 4 and the policy is included as Appendix G.

A-1 Form for Establishing and Revising a Project

The A-1 form provides a summary of significant facts for establishing or revising a permanent improvement project (see Appendix A). This form is used by the agencies to convey project proposals to the Joint Bond Review Committee and the Budget and Control Board. Any project defined as a permanent improvement project must be established using the A-1 form. Any revision to an established permanent improvement project must be made using the A-1 form.

In completing the form, it is vital that all pertinent information be included on the form or as an addendum to the form. If there is not adequate space on the form to provide necessary information about the proposed project or project revision, additional pages should be attached. **ALL A-1 FORMS MUST BE TYPED!**

Each section of the form is discussed in detail below. You will note on page 1 of the form a section titled "Budget and Control Board - Permanent Improvement Project Request". All space above this section is reserved for Board staff use only. Agencies should complete sections one through ten below the form title.

(1) Agency

The three-character agency code, the name of the agency, the contact person responsible for the project and the contact's telephone number should be entered in the appropriate spaces in this section.

(2) Project

All information in this section identifies the permanent improvement project.

Number - If a new project is being established, leave the space blank and the Capital Budgeting Unit will assign the project number and insert it in the appropriate space. If an existing project is being revised, the agency should enter the project number that was assigned when the project was established.

Name - In establishing a project, the project name should identify where the project is located, which facility is involved and what is to be done to the facility (noun form of a verb). Project names should not exceed 50 characters and should be in the following format:

<u>Where</u>	<u>Which Facility/Location</u>	<u>What</u>
Greenville Tech	Administration Building	Construction
Midlands Center (Clemson)	Cafeteria Building Utilities	Renovation Extension
Pickens County	Jocassee	Land Acquisition

When the agency is located on one campus or in one location, it is not necessary to repeat the agency name as part of the project name. In the examples above, Clemson consists of one main campus location and does not require that the agency name be contained in the project name, as indicated by the parentheses. However, Greenville Tech is one of many technical college campuses under the State Board for Technical and Comprehensive Education, while Midlands Center is one of the regional campuses of the Department of Disabilities and Special Needs. Because these agencies have multiple locations, the specific location should be included as part of the project name. The type of work to be done should always be at the end of the project name, i.e., construction, renovation, improvement, repair, etc. Please limit project names to 50 characters as SPIRS cannot accommodate more than that.

In revising an existing project, the project name should be the same as that on the approved A-1 form establishing the project, unless a project name change is requested. Please note any name changes on the project establishment request that have been made by the Capital Budgeting Unit to conform to the format above and use those changes for the project name in revising an existing project. The project name on the A-1 establishing the project is the official approved name of the project.

Facility Number - The facility number is the number that the agency has assigned to the facility for identification purposes and should be entered in this space. If the agency has assigned a facility number for a new facility under construction, that number should be entered. If more than one facility is included in the project, include all facility numbers. If the project is statewide and involves most or all of the agency's facilities (for example, statewide preventive maintenance projects), enter "statewide" in the space for facility number. For existing facilities, the facility numbers should correspond with those used by Insurance Reserve Fund.

Facility Name - In most cases, the facility name is the same as that identified in the project name. If so, the line for facility name may remain blank. This blank is mainly included on the form for those projects that involve more than one facility. In such cases, include a listing of all facilities that will be affected. If the project is statewide, enter "statewide" in the space for facility name.

County Code - This box in the left column is for the uniform code of the county in which the project is located. Enter the uniform county code number in the box. If more than one county location is involved, list each county code. If the project is statewide, involving facilities in many counties, enter 00 for the county code to indicate the project is statewide.

New/Revised Budget - This box in the left column is for the new or revised budget of the project. If a project is being established, the total budget amount requested for the new project should be entered. For an existing project whose budget is being increased or decreased, the revised budget amount should be entered. If an existing project is being revised without a budget revision, the last approved budget amount should be entered.

Project Type - One or more of the following project types should be used to complete this box in the right column:

- (1) Purchase Land/Buildings
- (2) Construct Additional Facilities
- (3) Repair/Renovate Existing Facilities/Systems
- (4) Replace Existing Facilities/Systems
- (5) Demolish Existing Facilities
- (6) Site Development
- (7) Asbestos/PCB Abatement
- (8) A&E
- (9) Other – (specify)

If the project is not easily assigned to one of these types, specify any other project type which may be applicable (i.e., deferred maintenance, equipment or contingency). If more than one project type is applicable, list each type and indicate the percentage of the project attributed to each type. This box should be completed for both project establishments and project revisions.

Facility Type - One or more of the following facility types should be used to complete this box in the right column:

- (1) Office/Administration
- (2) Program/Academic
- (3) Health Care/Medical
- (4) Housing/Food Service/Laundry
- (5) Support Services/Storage/Maintenance
- (6) Athletic/Recreational
- (7) Utilities
- (8) Roads/Parking/Site Development
- (9) Land Purchase
- (10) Campus Wide
- (11) Not Applicable

If the project is not easily assigned to one of these types, specify any other facility type which may be applicable (i.e., equipment or contingency). If more than one facility type is applicable, list each type and indicate the percentage of the project attributed to each type. This box should be completed for both project establishments and project revisions.

(3) CPIP Project Approval for Current Fiscal Year

The priority numbers requested in this space are taken from the priority list of projects submitted during the Comprehensive Permanent Improvement Plan (CPIP) process. The priority number as submitted is entered in the first space on the A-1 form. The total number of CPIP projects for the fiscal year is entered in the second space. The first year of the CPIP cycle is entered in the third space. Only current fiscal year CPIP cycle projects can be listed in this section. For example, priority number 6 of 10 for Fiscal Year 2012-13 indicates that the project is 6th in priority of 10 projects approved in the 2012-13 CPIP first year. Projects that were not included as part of the CPIP process should not be included here and, therefore, the spaces should be left blank. (Note: The CPIP process has been suspended for the 2010 through 2013 fiscal years. For higher education institutions that are still required to submit year one of the CPIP to the Commission on Higher Education, the priorities should be included in these spaces.)

(4) Project Action Proposed

The specific project action/actions proposed on the A-1 form should be marked in the appropriate box in this section. The list of options for establishing a project is as follows:

- (1) Establish Project
- (2) Establish Project - CPIP

The second option is for establishing any project which was submitted and/or approved during the current year's CPIP process in year one of the CPIP. (Note: For the 2010 through 2013 fiscal years, this only applies to higher education institutions.)

The list of options for revising a project is as follows:

- (1) Increase Budget
- (2) Decrease Budget
- (3) Change Source of Funds
- (4) Revise Scope
- (5) Close Project
- (6) Change Project Name
- (7) Cancel Project

A project revision may involve one or a combination of proposed project actions. For example, Increase Project Budget, Change Source of Funds, and Change Project Name may all be requested on the same A-1 form. Decrease Project Budget and Close Project are often requested together. Each project action requested should be marked in the appropriate box in this section.

(5) Project Description and Justification

This section requires information to explain and justify the need for the project establishment or project revision requested. A concise description of the project or project revision and a justification statement should be entered in this space. The information supplied should answer the following three questions: What is the project or project revision? Why is the project or project revision needed? What alternatives to the project or project revision were considered?

The intent of this section is to provide information so that all readers will have a clear understanding of the proposed project or project revision after reading the information provided. In completing the section, key specifics such as square footage or acreage involved and the estimated cost estimates of major elements of the project or project revision should be included. It should also include clear justification for the proposed project or project revision. A one or two sentence description and justification statement is not considered sufficient to provide a clear understanding of the proposed project or project revision and may result in the A-1 being returned for more information. If the requested budget does not include all anticipated funds for the project, the total projected project cost should be noted in this section of the A-1. This is especially essential for projects established for pre-design only which will later be increased to include construction and for projects that will be phased and only one phase is being funded.

Any documentation which helps to convey the rationale and urgency of the project should be attached. This includes maps, diagrams, deficiency notices from appropriate authorities and letters that may further explain the need for the project or project revision. It should also include any documentation of the fund sources, including award notices and pledge commitments from foundations or other private entities. In addition, this section should describe any other means of meeting the identified project needs which were considered and discarded. If the form does not provide sufficient space for the project description and justification, the discussion should be continued on additional attached pages. Information required by policy of the Joint Bond Review Committee, which must be included as part of A-1 submission when the construction budget is established either on the form or on an attachment, include the following: 1) energy savings and conservation measures included as part of the project scope; 2) the projected date (month and year) for execution of the construction contract; and 3) the projected date (month and year) for completion of construction.

(6) Operating Cost Implications

An A-49 form must be attached to all project establishment requests or to all revision requests of \$250,000 or more to identify any additional annual operating costs or savings that will result from the request (see Appendix B). Detailed instructions for completing the A-49 form are provided at the end of this chapter.

(7) Estimated Project Schedule and Expenditures

This section provides an estimated schedule of start and completion dates and expenditures for the project by fiscal year. While it is recognized that the information provided is an estimate, every attempt should be made to provide information that is as accurate as possible.

The estimated start date is the date at which the agency will need a project number to actually begin the project. The estimated completion date is the date at which the agency expects to complete the project and close it out on the SPIRS system. These dates are not to be confused with the projected dates for execution of the construction contract and completion of construction noted previously and required by JBRC for inclusion in the project description and justification.

The estimated expenditures through the current fiscal year is the amount of the requested budget the agency expects to expend on the project by the end of the current year. For project revisions, this amount should include expenditures in prior fiscal years, as well as all current year expenditures. The estimated expenditures after the current fiscal year is the amount of the project budget that will be expended in future fiscal years. The total of these two spaces should equal the total project original/revised budget on page 2 of the A-1 form.

(8) Estimates of New/Revised Project Costs

Before this section is filled out, the project number should be entered in the box on the right if one has already been assigned. Then, the total estimated project cost for the proposed project or project revision should be allocated among the 18 cost categories. As you will note, the categories conform to the expenditure object codes used by the Comptroller General's Office for permanent improvement projects. It should only be filled out to total the amount of budget requested on the A-1. If additional funds will be added to the project later, they should not be included in completing this section.

This section requires entering the number of acres to be purchased for a project involving a land acquisition. It also requires entering the gross square footage of any floor space to be purchased, constructed, renovated, or repaired, as well as the roof age for a project involving a roof repair or replacement.

If the project requires equipment to be purchased, the total amount should include the cost of all types of equipment and/or materials. The cost for equipment related specifically to information technology (computer technology, ITFS towers, video equipment, etc.) should be broken out and also reported.

Line 17 is included for any other costs which are not specifically provided for on the form. On this line, the type(s) of other costs should be specified.

A special section is included for information on environmental hazards relating to the project. All types of significant environmental hazards, such as asbestos, PCBs and soil contamination, present in the project should be identified, along with the financial impact they will have on the project. The cost for design services, monitoring and abatement/remediation associated with the hazards should be specified, and the total costs should be provided. These environmental hazard costs should also be included in total estimates of new/revised project costs column.

(9) Proposed Source(s) of Funding

The total proposed source(s) of funding for the project establishment or revision is entered in this section. The total funding must be broken down by the ten possible funding sources. The information required by each column in this section is discussed below.

Source - Each possible funding source is listed in the source column. If capital improvement bond funds or departmental CIB funds are used, the priority group number indicating when the funds were approved for release should be entered in the space provided. If excess debt service funds are used, the type of excess debt service should be entered. If appropriated state funds are used, the program source within the agency of those funds, or as listed in the Appropriations Act, should be entered. If "other" funds are used, the specific type of funds should be entered and should be descriptive to give a clear indication of the source of the funds. Examples include specific fees, private, operating revenue, etc.

Previously Approved Amount - This column is used only for project revisions. The budget amounts by funding source, approved on the previous A-1 form, should be entered in this column. The total of all funding sources should be entered on the last line entitled Total Budget for existing projects.

Proposed Increase/Decrease - This column is used only for project revisions. The amount of budget increase or decrease by funding source, requested on the A-1 form, should be entered in this

column. If the revision is a budget decrease, the decrease should be indicated by using parentheses or a minus sign. The total of all increases or decreases should be entered on the last line entitled Total Budget.

Original/Revised Budget - This column is used for either establishing or revising a project. If a project is being established, the budget for the new project by source of funds should be entered in this column. If a project budget is being revised, the sum or difference of the previously approved amount and the proposed increase/decrease should be entered. If a project revision does not include a budget increase or decrease, this column should include the same figures entered in the column for the previously approved amount. The total of all funding sources entered in this column should be entered on the last line entitled Total Budget.

Transfer to/from Project # - This column may be used for either establishing or revising a project. If the project is being established or increased by transferring funds from another established project, the project number from which the funds are being transferred should be entered in this column. If the project is being decreased to transfer funds to another project, the project number to which the funds are being transferred should be entered in this column.

Multiple transfers can be made on one A-1 form when the transfers result in a project establishment or budget increase. However, only one transfer per form can be made when a project budget is being decreased. If funds are transferred from one project to multiple projects, one A-1 form is required for each amount decreased and transferred to each different project.

Revenue Object Code - This column is used for both establishing and revising a project. The revenue object code refers to the specific source of the revenue and can be obtained from the STARS Agency User's Manual published by the Comptroller General's Office or from your agency's finance office.

The revenue object codes for capital improvement bond funds, departmental CIB funds, capital reserve funds and state appropriated funds are universal codes and are already entered on the form. The revenue object codes for every other source of funding used should be entered in this column, based on the specific characteristics of the project and funding source. These codes must always be entered for all fund sources for the project, regardless of the specific request.

Treasurer's ID Number - This column is used for both establishing and revising a project. The Treasurer's identification numbers for state appropriated, federal, athletic and other funds are universal codes and are already entered on the form. The Treasurer's ID numbers for every other source of funding used are assigned by the State Treasurer's Office. That office will provide the Treasurer's ID numbers for new project establishments. The agency should enter the assigned Treasurer's ID for any existing project revision or transfer of funds.

Revenue Subfund - This column is used for both establishing and revising a project. The revenue subfund is a four-digit code used to identify the fund from which the revenues are derived. The codes can be obtained from the STARS Agency User's Manual published by the Comptroller General's Office or your agency's finance office.

The revenue subfund numbers for capital improvement bond funds, departmental CIB funds, capital reserve funds and state appropriated funds are universal codes and are already entered on the form. The revenue subfund number for every other source of funding used should be entered in this column, based on the characteristics of the specific project and funding source.

Expenditure Subfund - The expenditure subfund numbers are universal codes for all sources of funds and have already been inserted on the form. No additional information is needed in this column. Please note that these codes must be used on all expenditures of funds for permanent improvement projects based on the approved budget sources of funds and no other subfund numbers can be used for project expenditures.

(10) **Submitted By:**

The signature and title of the authorizing official of the agency requesting the project or project revision and the date the form was signed must be entered in this space. Unsigned forms will be returned to the agency and will not be processed until they are signed.

(11) **Approved By:**

This space is reserved for use by the Budget and Control Board only. The Board's authorized representative signs the form when the project request has been approved by all required approval authorities. This signature indicates the agency may proceed with the intended action requested.

A-49 Form for Reporting Additional Annual Operating Costs or Savings

An A-49 form must be submitted with every A-1 form for establishing a permanent improvement project. An A-49 form must also be submitted for every A-1 form revising and increasing a project budget by \$250,000 or more. An A-49 may also be requested for other project actions if the action requires Joint Bond Review Committee and Budget and Control Board approval. The A-49 should be signed by the authorizing agency official, who certifies the accuracy of the operating costs or savings estimates. **ALL A-49 FORMS MUST BE TYPED!**

Information supplied on the A-49 should be the best estimate of the additional annual operating costs or net savings that will result from the project at the time the A-1 is submitted. Keep in mind that it is additional operating costs or net savings that are requested, over and above (costs) or under (savings) the agency's base costs at the time the project is completed.

(1) **Agency Code and Name**

Enter the agency number as assigned by the Comptroller General's Office and the agency name in the appropriate spaces.

(2) **Project Number and Name**

Enter the project number if a number has already been assigned. If the project is a new request, leave the project number blank and the project number will be assigned by the Capital Budgeting Unit. Enter the project name as listed on the A-1 form.

(3) Additional Annual Operating Costs/Savings

Since the A-49 form is used to detail both additional annual operating costs and annual savings, check costs if additional costs are expected to result from the project. Check savings if the project will result in net operating savings for the agency. If no changes are expected in operating costs, check no change.

(4) Total Additional Operating Costs/Savings by Fiscal Year

In Column 1, list the first three fiscal years after completion of the project. If the project will be completed in the middle of a fiscal year and a partial year is used, please indicate partial in parentheses next to the fiscal year. If additional annual operating costs will result prior to completion of the project, use the first three years the costs will result.

In Columns 2 through 4, indicate the sources of funds from which additional operating costs will be paid or from which cost savings will be realized. (See the next paragraph for methodology.) General funds represent appropriated state funds. Federal funds are those granted or received from the federal government. Other funds represent all other sources not specifically general or federal funds.

In Column 5, enter a total for all three fund sources for each fiscal year. The total additional operating costs or net savings for each year should be figured as the amount of increase or decrease in operating costs over the year prior to completion of the project or the need for additional operating funds. For example, assume the total operating costs the year prior to project completion will be \$100 and the total operating costs in the year after completion will be \$115. Line 1 will show \$15 in the total column as additional operating costs. Assume costs in the second year after completion will be \$120. Line 2 will show a \$20 increase in operating costs in the total column. Net cost savings are figured in the same manner as decreases in operating costs. If no additional operating costs or savings are expected from the project, enter zero in the total column for each of the three fiscal years or leave them blank.

(5) Other Sources

If “Other” sources are reported in the previous section, itemize and specify what the “Other” sources are. These may include, but not be limited to, fees, revenues, county or college funds, etc.

(6) Additional Costs Absorbed

Indicate whether any additional annual operating costs will be absorbed into the agency’s existing budget by checking “yes” or “no”. If additional costs cannot be absorbed, specify how the additional funds will be provided. This may include, but is not limited to, additional state appropriations requested, additional fees charged, etc.

(7) Cost Factors and Amounts

Itemize the various cost factors that contribute to the total costs or savings reported in Column 5 of Section 4 above for the first fiscal year only. Cost factors may include, but are not limited to, personal services, utilities, maintenance, supplies, insurance, etc. Cost savings factors may include, but are not limited to, these same items, lease savings, energy savings, etc. If additional positions are required or saved as a result of this project, please indicate the number of positions in parentheses next to the cost or savings factor. Indicate the total amount of additional costs or net savings which will result from each

cost/savings factor. The total of all costs or savings factors should equal the total additional operating costs or savings for the first fiscal year shown in Section 4.

(8) Number of Additional Positions

If reporting personal services costs in Section 7 above, please indicate the total number of additional full-time equivalent positions (FTEs) which will be required after completion of the project. If personal services savings are expected, please indicate the number of FTEs that will be saved.

(9) Submitted By:

The signature and title of the authorizing agency official and the date should be entered in this section. Unsigned forms WILL be returned to the agency and the A-1 WILL NOT be processed until the A-49 is signed.

Other Information Required

In addition to the A-1 and A-49 forms required for establishing or revising a project, a questionnaire format with information currently requested by the Joint Bond Review Committee and Budget and Control Board must also be submitted with the forms. The questionnaire to be submitted is dependent on the type of project request, i.e., establishing a project for pre-design, construction budget, budget increase or preliminary land acquisition. Because these questions change as the needs of JBRC and the Board change, they are not included in this manual. To ensure the agency or institution uses the proper questionnaire in submitting a permanent improvement project request, the agency should contact their Capital Budget Analyst or the Capital Budget Manager to get the current and proper questionnaire for the type of project request to be submitted.