



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT


BEVERLY EAVES PERDUE
GOVERNOR

ANDY WILLIS
STATE BUDGET DIRECTOR

March 15, 2012

MEMORANDUM

TO: Department Heads and Chief Fiscal Officers
All State Departments, Institutions and Agencies

FROM: Andy Willis, State Budget Director 

SUBJECT: Capital Project Contingency Funds

Per the direction of the NC General Assembly through Section 20.4 of S.L. 2011-145 (HB 200), there is a requirement for the contingency reserve funds appropriated for capital improvement projects to be placed in a statewide capital reserve to be administered by the Office of State Budget and Management (OSBM). A portion of the funds placed in the statewide reserve may be reallocated to the State Construction Office (SCO) to be used to support the staffing needs of the Office in connection with carrying out its design and plan review, construction, building code compliance, inspection and related duties. Of the funds remaining, agencies may request a portion to be used for any purpose for which contingency funds may be permissibly used for an authorized capital improvement project. This special provision applies to all open and active projects regardless of the source of funds including capital projects authorized in previous fiscal years.

In anticipation of the creation of the statewide capital contingency reserve required by Session Law, there was a companion money item in the Committee Report (June 16, 2011) reducing the SCO's appropriation by \$875,000 on a recurring basis beginning in this fiscal year to be replaced by funds collected in the statewide contingency reserve.

For the current fiscal year, OSBM will *not* be recouping all outstanding contingency funds available in capital improvement projects to be placed in a statewide reserve. Instead, we will be facilitating the collection of contingency funds to support the State Construction Office. The basis for the amount of contingency funds recouped on specific capital improvement projects will be the number of hours spent directly on the project by SCO professional staff. SCO has a detailed time keeping system in which they record hours spent per project and the hours documented in this system will be the basis for the amount billed to each project. Hours worked include design review, construction administration site visits/inspection including travel time. Due to IRS restrictions on debt supported projects, the SCO was instructed to limit their look back period to 18 months. A rate of \$52.62 will be applied to the total the number of hours spent per project.

In an attempt to limit the number of capital improvement (CI) projects affected this fiscal year, OSBM directed the SCO to invoice only the "big" CI projects, General Fund and debt-supported (see attached list). We anticipate collecting sufficient funds from the General Fund and debt-supported projects to offset the reduction taken by the SCO. Projects not targeted this year are university self-liquidating projects and existing repair and renovation projects. However, if insufficient funds are collected to support the SCO from the CI projects currently identified then we will direct the SCO to invoice self-liquidating projects to make up the difference.

Please see the attached instruction sheet for how to transfer these contingency funds. In the event the invoice received from the SCO is larger than the amount of funds that remain in the project, please remit the amount available to the SCO.

Beginning with the 2012-13 fiscal year, or the allocation of the 2011 Repair and Renovation funds, whichever comes first, OSBM plans on reserving all contingency funds appropriated for new General Fund supported capital improvement projects in a statewide reserve. Contingency funds appropriated for non-General Fund projects, including self-liquidating, debt-supported and receipt-supported projects, will not be collected by OSBM for management in a statewide reserve. Rather, these contingency funds will remain with each authorized project to be budgeted in a contingency reserve within the project. The SCO will directly bill the non-General Fund projects for services provided on an on-going basis.

Your OSBM capital improvement budget analyst is available to assist you in this process. If you have any questions, please contact Jennifer Wimmer (919-908-4764) or Greg Piner (919-807-4783).

Thank you for your cooperation in this matter.

cc: Jennifer Hoffmann
David Brown
Greg Driver
Mark Bondo

Contingency Transfer Instructions for Agencies/Campuses

General Fund Projects

Existing

DOA-SCO will send an invoice to the agency/campus. The agency/campus will record the expenditure in either 538071(agency) or 535927(campus).

Agency /Campus will submit a type 12 budget revision decreasing the account where funds are coming from and increasing a NEW transfer account shown below:

- Agency: use 538071 Transfer to Contingency Reserve
- Campus: use 535927 Component Unit Transfer to Contingency Reserve

In the Cash Management system (CMCS), submit a transfer to OSBM. The department code is 9000. In remarks section, please put "Trans to OSBM Contingency code 41105". Funds will need to be allotted in the transfer account.

Future (effective July 1, 2012 or with the release of 2011 R&R funds, whichever occurs first)

OSBM will hold the project's contingency amount in the OSBM Contingency Reserve. The project will be budgeted by a type 12 budget revision. The budgeted amount will be the project amount less the contingency reserve amount. If the agency/campus wishes to request its contingency reserve for what they believe is a contingency purpose, contact OSBM with the request and justification. If OSBM agrees to transfer contingency funds to the project, the agency/campus will submit a type 12 budget revision budgeting the amount transferred from the OSBM Reserve using these NEW revenue accounts:

- Agency: 438071 Transfer from Contingency Reserve
- Campus: 432902 Capital Aid from Contingency Reserve

The expenditure account to be used depends on the nature of the expense.

OSBM will work with the SCO to create a list of "pre-approved" expenditures from the contingency reserve.

Debt-Funded Projects

These instructions are for both existing and future debt-funded (COPS, Bonds) projects.

DOA-SCO will send an invoice to the agency/campus based on documented hours worked by professional staff of the State Construction Office. The agency/campus will record the expenditure in either 538071(agency) or 535927(campus).

The agency/campus will treat the DOA-SCO invoice like other vendor invoices received for a debt-funded project. This means the agency/campus will include it on the requisition sheet sent to OSBM on the set requisition schedule. Funds will be transferred to the agency/campus debt project. The agency/campus then needs to transfer those funds through CMCS to DOA-SCO. In CMCS, submit a transfer to DOA-SCO. The department code is 4103. In CMCS remarks section, please include the following information:

- Invoice #
- Budget code and center of project
- Note: For SCO services

Funds will also need to be allotted in either the 538071 or 535927 accounts.

Effective with all NEW debt-funded projects; when the agency/campus originally budgets the debt project in a type 12 budget revision, they will budget the contingency amount in the following account. Both agencies and campuses use this same NEW account:

- Agency & Campus: 537011 Reserve for CI Contingencies

Receipts & Self-Liquidating Projects (Non-General Fund Projects)

These instructions are for future non-general fund projects effective July 1, 2012.

When the agency/campus originally budgets a non-general fund project in a type 12 budget revision, they will budget the contingency amount in the following account. Both agencies and campuses use this same NEW account:

- Agency & Campus: 537011 Reserve for CI Contingencies

The funds will remain in this project account until needed for contingency purposes (either DOA-SCO invoicing or if the agency/campus needs the funds). On a periodic basis, DOA-SCO will send an invoice to the agency/campus based on documented hours worked by professional staff of the State Construction Office. The agency/campus will record the expenditure in either 538071(agency) or 535927(campus); and transfer funds to DOA-SCO using CMCS as described in the Debt projects section. If the agency/campus wishes to use its contingency reserve for what they believe is a contingency purpose, they must submit a type 12 budget revision realigning the funds from 537011 to the requested project account. Please use the remarks/justification section on the budget revision to provide a detailed explanation of why contingency funds are needed, and when approved by the SCO.

Debt-Funded Projects

Code	Center	Campus/ Agency	Project	Budget
40482	4I01	ECSU	ECSU Pharmacy School	28,000,000.00
40483	4H01	ECU	NC Cardiovascular Diseases Institute at ECU	60,000,000.00
40484	4H10	FSU	FSU Nursing Center	10,000,000.00
40491	4H01	UNCC	Bioinformatics Center at UNCC	35,000,000.00
40494	4H01	UNCP	UNCP Nursing and Allied Health	28,308,351.00
40496	4L01	WCU	WCU Center for Health and Aging	9,279,037.00
40497	4K01	WSSU	WSSU/NCSA Center for Design Innovation	10,000,000.00
40691	4K01	UNCC	Center City Classroom Building	45,827,400.00
40767	4F01	UNCA	Rhoades Hall Renovation	8,449,786.00
40772	4M01	ASU	College of Education Building	34,000,000.00
40783	4L01	ECU	UNC-GA Coastal Studies Institute	31,357,864.00
40784	4L01	FSU	FSU Science and Technology Center	20,999,216.00
40785	4M01	NC A&T	NC A&T Nanoscience Building - Joint Millennial Campus	49,274,294.00
40786	4E01	NCSA	NCSA Library	14,373,600.00
40787	4G02	NCSU	NCSU Engineering Building III	31,609,924.00
40788	4M01	UNCW	Teaching Laboratory Building	8,631,250.00
40796	4N01	WCU	WCU Health/Gerontological Sciences Building	33,770,600.00
40797	4P01	WSSU	WSSU Student Activity Center	5,000,000.00
40882	4M01	ECSU	School of Education Building	15,000,000.00
40883	4N01	ECU	School of Dentistry	56,599,369.00
40883	4N02	ECU	Family Medicine and Geriatric Center	35,198,537.00
40885	4N52	NCA&T	General Classroom SI	19,049,628.00
40886	4M01	NCSA	Central Storage Facility-SI	10,237,116.00
40886	4M02	NCSA	Film School Production Design Facility	2,000,000.00
40887	4K01	NCSU	Centennial Campus Library	98,341,186.00
40887	4K02	NCSU	4-H Campus Improvements	4,000,000.00

Debt-Funded Projects

Code	Center	Campus/ Agency	Project	Budget
40888	4N01	NCCU	School of Nursing Building	22,536,039.00
40891	4N01	UNCC	Energy Production Infrastructure Center	52,494,149.00
40893	4M01	UNCG	Academic Classroom and Office Building	35,678,000.00
40893	4M02	UNCG	Railroad Pedestrian Underpass/ Academic Classroom	6,992,000.00
40998	4A01	UNCCH BRIC	Biomedical Research Imaging Center (BRIC)	223,000,000.00
44882	4P01	ECSU	ECSU Residence Hall Fire Sprinklers-SI	201,200.00
44888	4M01	NCCU	Graduate Residence Hall	206,530.00
44892	4E01	UNC-CH AA	Fire Safety Improvements Upper Quad	2,146,713.00
40981	4S01	ASU	Comprehensive Renovation - Beasley Broadcasting Complex	1,118,306.00
40989	4M01	NCSU	Roof & Waterproofing Repair -Campus-wide	957,000.00
40989	4M08	NCSU	Improve Existing Space	1,833,419.00
40992	4C03	UNCCH	Exterior Building Restoration - Battle Hall, Vance Hall, Pettigrew Hall	1,150,000.00
40666	4K01	DHHS	Western Region Psychiatric Facility	154,772,801.00
40667	4G01	DHHS	Eastern Region Psychiatric Hospital	138,325,814.00
40668	4601	DHHS	State Lab for Public Health/CME	98,782,540.00
40670	4H01	DOA	Downtown Raleigh Parking Deck	20,000,000.00
40671	4J01	DOC	Correction Regional Medical/Mental Health Center	152,200,000.00
40771	4M01	DOC	Alexander Minimum Security Addition	9,291,300.00
40771	4M02	DOC	Scotland Medium Security Addition	12,936,500.00
40868	4Q01	DOC	Womens Health and Mental Health Facility	29,795,790.00
40870	4I29	DENR	Green Square-Underparking	7,255,995.00
40870	4I30	DENR	Green Square-DENR office	32,262,867.00
40870	4I31	DENR	Green Square-Nature Research	57,035,840.00
40871	4P01	DOC	Scotland Minimum Security Addition	8,775,445.00
40871	4P02	DOC	Bertie Medium Security Addition	14,092,884.00
40871	4P03	DOC	Tabor Minimum Security Addition	12,095,445.00

Debt-Funded Projects

Code	Center	Campus/ Agency	Project	Budget
40871	4P04	DOC	Lanesboro Medium Security Addition	14,092,884.00
40872	4P01	DCR	CSS Neuse Phase I -SI	2,925,000.00
40873	4J01	AG	Southeastern NC Agricultural Center-SI	3,700,000.00
40873	4J02	AG	WNC Farmers Mkt Bathroom/Truckshed Expansion-SI	650,000.00
40878	4930	DENR	Polar Bear Exhibit-SI	2,700,000.00
40878	4931	DENR	Oyster Hatchery-SI	4,303,944.00
44968	4R01	DOC	Maury Medium Security Addition	16,000,000.00
40968	4H08	DACS	Old Health Lab Building	1,085,800.00
40974	4301	DENR	Forestry Museum Renovation	1,643,000.00
44959	4G01	DHHS	Murdoch - Voc. Enterprise HVAC	1,365,000.00
40967	4N07	DOA	Steam Plant Repairs	1,233,245.00
40971	4S01	DOC	Swannanoa Convert to Female -Ph 2	3,309,000.00

General Fund Capital Projects

Code	Center	Campus	Project	Budget
40623	4H01	UNC-CH, AA	Genomics Science Building (Planning)	47,308,375.00
40628	4H01	UNCW	School of Nursing	27,000,000.00
40630	4K01	ASU	College of Education Building (Planning)	1,820,000.00
40732	301	WSSU	Science/General Office Building Planning	3,312,000.00
40414	4G01	DCR	Museum of Art - Expansion Planning	12,200,000.00
40617	4F02	DACS	Oxford Complex Planning Funds	1,000,000.00
40607	4E25	CCPS	NG JFHQ - EM EOC Appropriation	5,272,852.86
40607	4E01	CCPS	National Guard Joint HQ - Emergency Operations Center (EOC)	6,634,503.24
40707	4F01	CCPS	Statewide Master Plan Ph I	280,294.00
40707	4F02	CCPS	Camp Butner Land Buffers	117,800.00
40807	4G02	CCPS	Butner Training Site Sewer Extension and Latrine Replacement	245,430.00
40807	4G03	CCPS	Master Facilities Planning Statewide - Phase II	300,300.00
40601	4G02	DOA	State Facilities Master Plan	1,108,486.90
40601	4G31	DOA	Kinston Veterans Home Construction	5,076,094.76
	4G32	DOA	Swannanoa Veterans Home Construction	6,391,215.86
40701	4J01	DOA	Deerfield Cottage Renovation	3,646,000.00
40701	4J02	DOA	State Capital Area Visitors Center - Plaza - Underground Parking Facility - Planning	2,119,013.10
41001	4P01	DOA	SHP Training Facility - Phase I Planning	1,669,777.00