



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**

ROY COOPER
GOVERNOR

CHARLES PERUSSE
STATE BUDGET DIRECTOR

July 10, 2017

MEMORANDUM

TO: Department Heads and Chief Fiscal Officers

FROM: Charles Perusse *Charles Perusse*
State Budget Director

SUBJECT: 2017-18 Repair and Renovation (R&R) Requests

The Current Operations and Capital Improvements Appropriations Act of 2017 (S.L. 2017-57) appropriated \$125 million to the Reserve for Repairs and Renovations. Pursuant to Section 36.5 of this Act, funds are to be distributed evenly, after accounting for specific directed allocations, between the Office of State Budget and Management (OSBM) and the University of North Carolina Board of Governors (UNC) for the repair and renovation of State General Fund Supported facilities. Section 36.5 requires \$24,000,000 in specific projects receive an allocation prior to distributing funds to OSBM and UNC. These projects include:

- Department of Public Safety, to the North Carolina National Guard for the demolition of Western Youth Correctional Facility (\$1,750,000)
- Department of Natural and Cultural Resources, U.S.S. North Carolina Battleship repairs and renovations (\$2,000,000)
- Department of Public Instruction, NC School for the Deaf in Morganton, Goodwin Hall and Joiner Hall weatherproofing repairs (\$300,000)
- University of North Carolina at Pembroke, comprehensive renovation and repurposing of West Hall (\$10,000,000)
- Department of Natural and Cultural Resources, Division of Parks and Recreation, repair and renovation projects at Morrow Mountain State Park in Stanly County (\$2,500,000)
- Department of Natural and Cultural Resources, North Carolina Zoo Renovations (\$4,500,000)
- Department of Public Safety, to renovate the Swannanoa Correctional Center for Women for portions to be used for a female Confinement Response to Violation (CRV) Facility (\$2,200,000)
- Western Carolina University, Energy Production Facility Replacement (\$750,000)

There is \$101,000,000 available for other R&R projects after making the above allocations; \$50,500,000 which is specifically provided for the Repair and Renovation of State Agency facilities.

Pursuant to G.S. 143C-4-3, funds may be used on the following:

- Roof repairs and replacements;
- Structural repairs;
- Repairs and renovations to meet federal and State standards;
- Repairs to or installation of new electrical, plumbing, and heating, ventilating, and air-conditioning systems;
- Improvements to meet the requirements of the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., as amended;
- Improvements to meet fire safety needs;
- Improvements to existing facilities for energy efficiency;
- Improvements to remove asbestos, lead paint, and other contaminants, including the removal and replacement of underground storage tanks;
- Improvements and renovations to improve use of existing space;
- Historical restoration;
- Improvements to roads, walks, drives, utilities infrastructure;
- Drainage and landscape improvements; and,
- Building demolition.

Advance planning, master planning, studies, or reserves are not eligible. Per statute, design contracts shall begin within one year and construction within two years of allocation. However, it should be the goal of all agencies to begin construction within one year of fund allocation. Agencies should not request R&R funds for properties set to be sold or demolished within the next year.

OSBM must consult with or report to the Joint Legislative Commission on Governmental Operations (Gov Ops) in accordance with G.S. 143C-4-3(d). Projects receiving an allocation of less than \$2.5 million are reported to Gov Ops. Projects receiving an allocation over \$2.5 million are required to consult with Gov Ops, which requires that a meeting be held to consider the items or that 90 days pass from the time of submission per G.S. 12-3.(15).

Anticipated Schedule

July 10, 2017	Disseminate R&R Memorandum
July 12, 2017	Agency R&R Forms and Instructions Distributed by OSBM to Agency Budget Officers and Capital Coordinators
August 11, 2017	Deadline for Submitting R&R Requests to OSBM
August 14-25, 2017	OSBM Meets with Agency Budget Officers to Discuss Requests
September, 2017	OSBM Reports to, or Consults with, Gov Ops on Recommended Allocations
September, 2017	R&R Funds Available to State Agencies

Please note that this schedule assumes that Gov Ops will hold a September meeting for any projects requiring a consultation.

A complete submission must include the first three items listed and the fourth item if applicable:

- 1) R&R Request Worksheet - Project descriptions, justifications, schedules, and operating budget impacts are all reported on this form,
- 2) R&R Summary List Form – This form lists the title and cost of every requested project in priority order, and
- 3) OC-25 Cost Estimate Form - Submissions will be accepted with OC-25 forms that have been submitted to the State Construction Office (SCO) but are still in the process of being certified. The OC-25 form must be certified before OSBM consults with Gov Ops. OC-25 forms that were certified more than two years ago must be updated by the SCO before OSBM consults with Gov Ops. The OC-25 forms can be found at the State Construction website at: <http://ncadmin.nc.gov/businesses/construction/forms-documents>
For projects that were submitted as part of the Capital Budget process for funding in FY 2017-18, the relevant OC-25 may be resubmitted, provided that there are no scope changes to the project.
- 4) Pertinent FCAP Forms. G.S. 143C-8-4 requires *“each proposed repair and renovation expenditure shall be justified by reference to the Facilities Condition Assessment Program (FCAP) operated by the Office of State Construction.”*

If the SCO FCAP team has inspected the facility for which an R&R request is submitted, the FCAP summary spreadsheet or full page form describing the relevant deficiency should be included. If you need to obtain copies of an existing FCAP report, please contact the SCO’s FCAP unit at (919) 807-4100.

OSBM will not consider submissions that are missing any of the first three components as outlined above. If an FCAP form is available for a specific request, it should be included as part of the submission.

Other Instructions

- Only projects that are expected to be funded in FY 2017-18 should be requested. To limit the burden on agency staff in preparing the R&R requests within the short timeframe, please do not use this process as a comprehensive needs assessment for repairs and renovations. R&R project requests that are beyond what can be reasonably funded for each agency will not be considered during OSBM’s review of the R&R submissions.
- All submissions must be sent to OSBM electronically through email or on CD-ROM - *The R&R Summary List Form* and *R&R Request Worksheet* are in a Microsoft Access format; check with your capital analyst if you need a copy of the database forms. OC-25 forms can be sent to OSBM as pdf files, which is the same format the SCO uses to email certified OC-25 forms to state agencies.

It is our intent to present final R&R project recommendations at the September meeting of Gov Ops. Please contact Thomas Cheek, Mark Bondo, Monica Scott, or Andrew Shaw in OSBM at (919) 807-4700 if you have any questions or need additional information.

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