

GENERAL GUIDELINES

CAPITAL CONSTRUCTION AND BUILDING RENEWAL REQUESTS

This section outlines the budget request process for capital construction and building renewal projects. It is intended as a general outline of the process. More detailed guidelines and procedures can be found in the sources which are referenced in this section.

CAPITAL CONSTRUCTION

New Projects

Agencies should prepare a capital construction request for new projects and for changes or renovations to existing facilities if the work transcends routine maintenance. The key tests for whether a capital construction request is required are: 1) does the project extend the life of existing facilities; 2) does the project have a significant fiscal impact which would not routinely be part of the operating budget; 3) does the project represent an expenditure that is not made routinely every seven years or less for minor repair and maintenance; and, 4) does the project change the nature or scope of programs.

Use the capital construction budget request for the following:

- planning funds for construction-related activities, including preparation of a comprehensive plan, program statements, design development and bidding documents;
- construction funds including new construction, renovation and major repair;
- reaffirmation of funds previously authorized but not yet appropriated; and,
- building renewal requests (all four categories—deferred repair, fire and life safety, Americans with Disabilities Act (ADA) and energy conservation).

Reaffirmations

List projects which require reaffirmation funding (i.e. continuation funding on projects previously authorized) on Capital Construction Reaffirmations. Explain any requested deviation from the originally authorized total project cost or annual allocations in the narrative section of the Capital Construction Reaffirmations Screen.

Reappropriations

On or before October 17, 2022, submit to the Department of Administrative Services State Building Division, Department of Administrative Services State Budget Division, and the Legislative Fiscal Office; a list of all Capital Construction Programs that should be reappropriated into FY 2023-24. Include the program number, project name, and the estimated June 30, 2023 unexpended appropriation balance, by fund type. Also, identify how much of the June 30, 2023 balance will be committed through contractual agreements.

Planning Requirements

State statutes prescribe two types of planning which must occur before an appropriation of funds for capital construction projects may be made. A "*Comprehensive Facilities Plan*" is required prior to requesting funds for any project whose total cost exceeds \$896,000. A "*Program Statement*" is required for each project where total cost exceeds \$896,000, after capital construction funding is approved but prior to expending funds for design, construction drawings and actual construction work. Note, however, if policies adopted by the Board of Regents of the University of Nebraska and the Board of Trustees of the Nebraska State Colleges indicate a threshold other than \$896,000, such threshold is acceptable for those agencies. The quality of planning included in agency *Comprehensive Facilities Plans* and *Program Statements*, along with the clarity of the relationship to agency long-run strategic plans, will be an element in evaluating and prioritizing requests. Please see Section 81-1114.01 and 81-1108.41 of the Nebraska R.R.S. for more detailed information on Comprehensive Facility Plans and Program Statements.

In addition to these two statutory requirements, a "*Need Statement*" must accompany requests for planning and construction funds.

Need Statement

The *Need Statement* serves as the basis for the agency's request for initial capital funding. **This document is generally prepared in-house and must be submitted with the budget request.** The Need Statement should give general details about the project, a general assessment of the project budget (how the total dollar request was arrived at) and give the agency reasoning and need for the project.

Need Statements should include details on:

- (1) General Project Overview/details
- (2) Critical/Immediate Need/Issues
 - a. Reaffirmation or New Project
 - b. Any Life Safety/Potential Legal Issues
 - c. Immediacy of Need
- (3) Financial/Economic Impact
 - a. Operating Impacts/Potential Savings/Efficiencies
 - b. Asset – Purchase needed, reuse of existing
 - c. State vs Non-State Funding
 - i. General Fund Impact
 - ii. Revolving Fund Impact
 - d. Additional FTE's needed
- (4) Service/Value
 - a. Project Significance/Importance
 - b. Potential Improvement to Services
 - c. Mission/Relevance to Agency's Goals
 - d. State Owned Historical Value (if any)
- (5) Additional information (any other additional information that would be useful to understand the project)

*****A Program Statement may be submitted in lieu of a Need Statement if an agency chooses to do so, but not required. Once a Capital Construction project is funded a Program Statement will be required before any design or construction can be started.*

State Comprehensive Capital Facilities Plan

Agency Capital Construction project requests (with the exception of the University of Nebraska, the State Colleges, and the Community Colleges) are subject to the prioritization process of the *State Comprehensive Capital Facilities Plan* submitted on or about November 15 of even numbered years.

Additional Considerations

1. Historical Structures

Please refer to Section 72-808(3) & 72-810 of Nebraska Revised Statutes specifies that efforts should be made by the state to identify, preserve, maintain, and restore such historic structures whenever possible. Given the statute sections noted above, all agency requests for funds in excess of \$896,000 for substantial renovation, substantial rehabilitation, substantial remodel or demolition of any State-owned or occupied structure should indicate, in the request, whether or not the structure has been determined an *Historic Structure* by the State Historic Preservation Officer. The process of obtaining review and comments is the responsibility of the respective state agency or department and should be completed prior to the submittal of the project to DAS.

2. Americans with Disabilities Act (ADA)

Minor modifications to facilities should be accomplished using repair and maintenance funds in the agency-operating budget. Agencies with large and specialized building maintenance staff should be able to implement many ADA-related changes without the need for a separate appropriation. Larger projects will require contracting for services. Section 81-1108.43 limits the total project cost of construction work done by an agency's own work force to \$112,000. The same section requires use of a professional consulting engineer or architect for preparing the plans for any project costing \$896,000 or more.

If projects exceed the capabilities of an agency's work force or represent a substantial modification to a facility, a separate request for each is necessary. ADA modifications are one of the four separate categories of deferred building renewal requests and should be included on the Building Renewal Request Screen. An ADA project should have the same documentation as other deferred building renewal requests.

3. Joint and Cooperative Planning

Agencies are encouraged to engage in joint and cooperative facilities planning. Such planning should increase efficiency and utilization of facilities and may be done several ways:

Planning of joint use facilities or one-stop centers where agencies serve common customers or where agencies serve customers in the same geographical area.

Coordination of the requesting, designing, bidding, and contract awarding of similar projects in proximity in a geographic region. This includes renovation projects and various deferred building renewal projects.

4. Non-State Funds

In cases where agencies receive federal or other non-state funds through a cost reimbursement or cost sharing formula or program, and in which reimbursement for facility depreciation and facility maintenance is included, such reimbursement should be included in the funding requested for construction and all types of deferred building renewal projects.

In instances where Federal or other non-state funded grant programs exist which could help fund a construction or deferred building renewal project, such fund should be applied for and included in the funding requested.

Some agencies qualify for participation in the Institutional Building Grants Program (IBGP). This enables the utilization of federal funding to match state dollars in accomplishing approved projects. With some exceptions, the Task Force for Building Renewal has been providing matching funds to accomplish energy conservation measure projects. Agencies or institutions eligible for participation in IBGP funding are encouraged to actively seek these funds wherever possible.

STATE COMPREHENSIVE CAPITAL FACILITIES PLANNING 2022 GUIDELINES

Budget Instructions - July 2022 For The 2023-2025 Biennium

Applies to all agencies' capital construction requests

except the University of Nebraska and the State Colleges, as they are subject to the Coordinating Commission for Postsecondary Education Statewide Planning Process.

In accordance with Revised Statute 81-1108.41, the Department of Administrative Services State Building Division is to develop a *State Comprehensive Capital Facilities Plan* for each biennium, utilizing a Committee appointed by the Governor. The Plan is to be submitted on or about November 15 of even years and is to include a prioritization of capital construction project requests submitted for the biennium. The Committee, made up of state agency personnel and citizens, develops the planning process, guidelines for implementation, and the project prioritization system to be used in evaluating the project requests. Details and instructions for this process are

1. All Capital Construction request must be entered into the Budget System. Project Descriptions in the narratives of the Capital Construction Project Request should include the following information:
 - a. State how the project responds to the 2022 Mission Statement/Governing Values for State of Nebraska Capital Construction (see below).
 - b. State the real consequences of the project request being denied/unfunded, or underfunded.
 - c. Provide an evaluation of your project for critical life safety/legal issues (item 1.b. of the Project Rating Criteria) using a scale of 0 to 4 points.
 - d. Provide the individual yearly amounts necessary for current or future requests for projects (planning, design and/or construction funds) that will begin or extend beyond the two-year biennial budget period, through the sixth year. This does not apply to operational estimates/requests.
2. **Capital Construction Requests and Need Statements are due September 15, 2022 per the Budget Instructions.** After September 15, the Capital Construction documentation will become public information and will be available on the State Budget Division website. The Committee will not evaluate, score and prioritize, or otherwise include in the November 15, 2022, plan requests that are submitted after that date.
3. Project Request explanations for the Committee are scheduled for October 2022. Each agency submitting capital construction requests will have an opportunity to give presentations on its highest-priority requests, and to respond to questions the Committee may have. Agencies will be notified of the location and times of the presentations approximately three weeks in advance of their appointment.
4. Project requests meeting these guidelines and being evaluated by the Committee will be scored using the Project Rating Criteria and given an overall priority in the *State Comprehensive Capital Facilities Plan*. The Plan will also include project request priority lists for the four following categories:
 - 1) Reaffirmations,
 - 2) Requests of General Funds (any portion of the request),
 - 3) Requests for Planning Funds (regardless of fund source), and
 - 4) Requests of 100% Non-General Funds.
5. The *State Comprehensive Capital Facilities Plan* will be submitted to the Governor, the Committee on Building Maintenance (Task Force for Building Renewal legislative oversight committee), and the Legislative Fiscal Office on or about November 15, 2022.

Project Rating Criteria Scoring for 2023-2025 Biennial Budget Requests

**STATE COMPREHENSIVE CAPITAL FACILITIES PLANNING
2022 MISSION STATEMENT AND GOVERNING VALUES FOR
NEBRASKA CAPITAL CONSTRUCTION**

(Excludes the University of Nebraska and State Colleges, as they are subject to the Coordinating Commission for Postsecondary Education Statewide Planning Process.)

Mission Statement for Nebraska Capital Construction:

“The mission of capital construction in the state of Nebraska is to plan, fund, design, construct and maintain facilities to serve the best interests and needs of all Nebraskans in an efficient and cost-effective manner.”

Governing Values for Nebraska Capital Construction:

1. Facilities should be accessible and designed/constructed to serve the interests and needs of all persons.
2. Facilities should represent a wise, responsible use of taxpayer funds which utilizes efficient, cost-effective design and construction methods and modern technology, and results in reasonable ongoing operations, maintenance and energy costs.
3. Facilities should be safe, promote health and well-being, and maintain a quality of life for all persons.
4. Facility decisions and projects should reflect the state’s stewardship role in preserving, protecting and maintaining the environment and existing facility assets, including state-owned historic properties.
5. Facility decisions and projects should best serve the long-term interests of all Nebraskans including future generations.
6. Based on appropriate evaluations facilities should responsibly support state agencies, their missions and goals, and be of service to Nebraska’s citizens.
7. Facility projects should encourage partnering, cooperation and the sharing of resources between state agencies, local governments and private entities, where appropriate.
8. State facility planning, design and construction should act as a model for other state and local governments, as well as private entities and institutions.
9. State facilities should strike a balance between quality and quantity and incorporate a level of excellence that reflects a high appreciation for the built and natural environments.
10. State facilities and those who plan, build and care for them must be accountable to all Nebraskans and responsive to their changing needs.

Project Rating Criteria Scoring for 2023-2025 Biennial Budget Requests

EXPLANATION:

The proposal is to utilize the LB309 Task Force designations for "Class I" and "Class II" of the fire/life safety and ADA categories (but adding in accreditation/closing of facility issues) and assigning higher scores if the "Class I" or "Class II" improvements amount to more than 50% of the cost of construction. On a scale of 0 to 4, the Committee members assign a score for #1b in this manner:

- 4 - LB309 Class I; more than 50% of construction
- 3 - LB309 Class I; less than 50% of construction
- 2 - LB309 Class II; more than 50% of construction
- 1 - LB309 Class II; less than 50% of construction
- 0 - No fire, life, safety, or legal issues

Here are the designations of LB309 "Classes," paraphrased for clarity, and assigned a value as per the scale above:

Definition of Class I
(F/LS) Improvements necessary because the safety of persons is IMMEDIATELY, DIRECTLY, and CLEARLY IMPERILED, OR (F/LS) CODE OFFICIALS have determined that improvements are needed IMMEDIATELY to ensure safety of persons, OR (ADA) Improvements CLEARLY necessary for COMPLIANCE with ADA act, OR (+) ACCREDITATION or closing of the facility is in IMMEDIATE jeopardy if improvements are not completed.
<u>Scoring</u> If more than 50% of construction = 4 points If less than 50% of construction = 3 points
Definition of Class II
(F/LS) Improvements MAY BE necessary to comply with codes and to AVOID potential danger, OR (ADA) Improvements MAY BE necessary to comply with ADA Act and to AVOID possible non-compliance, OR (+) ACCREDITATION or closing of the facility in MAY BE in jeopardy if improvements are not completed.
<u>Scoring</u> If more than 50% of construction = 2 points If less than 50% of construction = 1 point
Beyond Class II = 0 points
(F/LS) Improvements provide safer environment, but are NOT REQUIRED for code compliance or legal requirement. (ADA) Improvements provide better accessibility, but are NOT REQUIRED for ADA compliance.

Project Rating Criteria Scoring for 2023-2025 Biennial Budget Requests

EXAMPLES:

1. Fire sprinkler system requested by Fire Marshal OR clearly a code violation, and less than 50% of the construction cost of a renovation project
3 points (Class I)
 2. Fire sprinkler system not necessarily a code violation, and less than 50% of the construction cost of a renovation project
1 point (Class II)
 3. Boiler "red-tagged" by inspector for replacement, and less than 50% of the construction cost of a renovation project
3 points (Class I)
 4. Boiler "red-tagged" by inspector for replacement, and the replacement is the entire project (more than 50% of construction cost)
4 points (Class I)
 5. Accreditation review citation for emergency generator, and the closing of the facility or losing of accreditation is imminent, and more than 50% of construction
4 points (Class I)
 6. Accreditation review citation for window hazard, but the closing of the facility or losing of accreditation is NOT imminent, and more than 50% of constr.
2 points (Class II)
 7. Prison is over 150% of capacity, there are existing lawsuits, and the project is to build a new housing facility (more than 50% of construction)
4 points (Class I)
 8. An ADA elevator is CLEARLY needed for ADA compliance, but is less than 50% of the construction cost of a renovation project
3 points (Class I)
 9. A second ADA elevator is desired for better access of residents in a certain part of a facility
0 points (Beyond Class II)
 10. The existing fire alarm system meets code, but a new, addressable system is desired to connect with other facilities
0 points (Beyond Class II)
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Project Rating Criteria Scoring for 2023-2025 Biennial Budget Requests

Task Force for Building Renewal

Agencies are encouraged to consult the *Task Force for Building Renewal Handbook* for guidelines to Building Renewal projects, or visit the Task Force website at das.nebraska.gov/309/. The *Handbook* makes reference to buildings and projects not eligible for Task Force funds and lists other types of projects that are either limited or restricted in terms of funding. Agencies are encouraged to submit for review draft plans and specifications on new construction and renovations.

Building Renewal Requests

Pursuant to Nebraska R.R.S. 81-173 to 81-191.01, requests for building renewal are divided into four categories: 1) Deferred Repair, 2) Fire and Life Safety, 3) ADA, and 4) Energy Conservation. Each category is made up of projects and classes (or priorities). Please complete the Building Renewal Request screen. After completing this, the four categories are to be prioritized in the same priority list on the Capital Construction Request Summary screen with all other construction and renovation projects.

Buildings not owned by the State, revenue bond buildings and buildings being purchased through lease purchase are not eligible for funding. Please refer to the *Handbook* for requirements pertaining to building acquisitions.

In preparing to complete a Building Renewal Request, agencies should follow these procedures:

1. Identify all deferred repair, fire and life safety, ADA, and energy conservation projects by building, and categorize according to the major thrust of the project.
2. Identify projects with the potential to become an emergency. For purposes of this biennial budget submission, an emergency is a project that needs addressed prior to the start of the biennium request as part of an emergency allocation request.
3. Assemble project cost. As applicable, project costs include: Design Fees, Construction Costs, and Contingency.
4. For each category or type of project - deferred repair, fire and life safety, ADA, and energy conservation - identify Class I and Class II priorities according to the definitions supplied in item 8.
5. Determine funding sources. Note that cooperative funding is not required for this request cycle. However, it is highly encouraged.
6. Determine whether a project is "materials only." For a materials only project, the agency provides the labor for the project, and the Task Force provides funding only for the materials.
7. Complete the Building Renewal Request, making sure to check the "emergency" and "materials only" boxes (if applicable), and the appropriate "type" and "class" boxes. In the Narrative section, an explanation should be completed for each project, to provide the Task Force for Building Renewal with specific and detailed background information and justification for the funding request, as well as cost estimates. This information is important in evaluating projects for funding consideration. Narratives should include the need for the project, a detailed plan for repair or modification, the potential savings to be realized, and where applicable, the estimated payback period (with a description of the method used for determination). Also, if the project can be phased over more than one year, explain these points and provide a potential "phased funding" schedule.
8. Assign *each* project a priority rank. That is, if you have a total of 100 projects in the two classes, and 40 are deferred repair, 30 are fire and life safety, 20 are ADA, and 10 are energy conservation, these 100 projects are ranked from 1 to 100. (It is assumed, however, by definition, that all Class I projects are a higher priority than Class II projects). Note that individual prioritization of Class II projects beyond the first 100 total projects is optional. Also note that for agencies with large campuses, it is acceptable to prioritize by campus.
9. Prioritize each of the four major categories or types of building renewal requests (deferred repair, fire and life safety, ADA and energy conservation) in conjunction with the new construction, renovation, land acquisition and major equipment purchase projects on the Capital Construction Request Summary screen. For example, fire and life safety might have a priority of 1, deferred repair might have a priority of 2, ADA might have a priority of 3, energy conservation might have a priority of 4, and construction of a new office building might have a priority of 5.

Project Rating Criteria Scoring for 2023-2025 Biennial Budget Requests

Additional capital construction and/or renewal budget submission should not be deemed necessary in the mid-biennium. Except for projects or emergencies not included in the Class I request or significant changes in priorities, additional submissions should not be required in the summer or fall of 2023. It is expected that Agencies are far enough along on preventive maintenance plans that the majority of renewal requests will be identified and scheduled for the September 15, 2022, budget request submission, minimizing future emergency requests. The Task Force for Building Renewal will continue to accept true emergency requests throughout the year.

When identifying projects and buildings, you will be required to use the state-assigned building "tag" numbers as defined in EnterpriseOne (E1).

Definitions and Classifications of Project Requests for Deferred Building Renewal

- 1. FIRE/LIFE SAFETY: Requests to correct or repair structural, mechanical, or other defects in a building or its components, or utility systems which endanger the lives or health of state employees or the general public. Such requests bring the facilities, components, or utility systems into compliance with current fire safety, life safety, and hazardous materials abatement requirements, and provide a safer structural environment. Requests for funding to provide fire/life-safety improvements are divided into two classes:**

Class I Building or utility system changes/modifications which are required to rectify a situation where the health and well-being of the occupants of a building are immediately, directly, and clearly imperiled, or where local, state, or federal code officials have determined certain fire/life-safety improvements are needed immediately in order to ensure the safety of building occupants or users.

Class II Other building changes/modifications which may be necessary to comply with fire/life-safety codes and to avoid potential danger to the health and safety of the building occupants.

- 2. DEFERRED MAINTENANCE: Requests to repair structural or mechanical defects that would endanger the integrity of a building, utility system or their components or allow the unwanted penetration of a building or system by the outdoor elements. Requests for funding of deferred repair projects are divided into two classes:**

Class I Items for immediate action to avoid unwanted penetration of a building by outdoor elements and to avoid costly damage to a building, utility system or their components. If these projects are not addressed, it could very possibly stop a program or a service from being achieved due to a building or utility system failure.

Class II Items of imperative need to correct problems that if neglected will quickly deteriorate further into Class I items, or that must be done to provide efficient use of the facility or system.

- 3. AMERICANS WITH DISABILITIES ACT (ADA): Requests provide building and program accessibility for disabled and physically challenged individuals and bring a building into compliance with the 2010 ADA Standards for Accessible Design (2010 ADA). Requests should be limited to structural modifications to buildings or other requests normally handled through the capital construction process. Minor pieces of equipment, computer modifications, and other non-capital items should be included in the operating budget request. Requests for funding to provide accessibility for the disabled and physically challenged are divided into two classes:**

Class I Structural changes/modifications which have been clearly found to be necessary to comply with the 2010 ADA Standards for Accessible Design (2010 ADA) or which have been deemed necessary by physically challenged individuals in order to work or gain program access in a facility.

Class II Other structural changes or modifications which may be necessary to comply with Americans with Disabilities Act (ADA) federal law.

- 4. ENERGY CONSERVATION: Requests whose primary emphasis is the reduction of energy consumption by a building, utility system or their components. The objectives of the conservation request, along with financing options, should be included in requested projects. Requests for funding of energy conservation projects are divided into two classes:**

Class I Items for immediate action to correct deficiencies creating excessive use of energy resources. Projects for which energy conservation measure funding applications have been or are planned to be submitted to the Nebraska Energy Office should be included in this category. Simple payback should be five (5) years or less.

Project Rating Criteria Scoring for 2023-2025 Biennial Budget Requests

Class II Items which if not addressed will create an additional strain on energy resources and which if accomplished would result in operating expenditure reductions. Simple payback should be five (5) to ten (10) years.