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Neale F. Lunderville, Secretary

MEMORANDUM

TO: Agency Secretaries, Commissioners, and Department Heads

FROM: Neale F. Lunderville, Secretary, Agency of Administration
Gerald J. Myers, Commissioner, Buildings and General Services

DATE: October 8, 2010

SUBJECT: Capital Construction Budget Request

Neale F. Lunderville
GJ/My

As we begin preparation for FY 2012 Capital Budget we must work together to finish those projects that are under construction or to which we have previously committed funds. Given the large number of commitments to previously approved projects, there is little room to begin new initiatives. Specifically, with the need to move forward with construction for the Vermont State Hospital and the Vermont State Health Laboratories, meeting the State's ongoing obligation for major maintenance, and our continued advancement of the State's technology infrastructure, our options for any other initiatives will be severely limited.

Therefore, long range planning becomes increasingly more important. In order to allocate dollars in the best way, we are asking that you submit an updated five-year plan for your capital needs. Last year, your capital request and your 5-year plan identified your needs from FY 2011 through FY 2015. This year, we are asking departments and agencies to refine the FY 2012 request and update the five-year plan out until FY 2016. A summary submission, in priority order, for essential projects is due by **October 25, 2010**. The full budget submission is due to the office of the Commissioner of Buildings and General Services by **November 5, 2010**.

The format for constructing your department's 5-year plan is fairly straightforward. All the necessary documents are attached to this memorandum and are available online at <http://bgs.vermont.gov/formsandpublications>: "Capital Construction and State Bonding". The planning documents consist of defining the program components which require capital support; the type of support required; its effect on achieving a program's mission; and the dollar value and timeframe over which the acquisition can occur.

Additionally, you will need to estimate what additional operating costs will be associated with the capital project (i.e., staffing, operating costs and fee for space impact associated with a new building or additional square footage). The Department of Buildings and General Services will coordinate the information provided with the Department of Finance and Management regarding operating and position costs associated with projects proposed for funding in FY 2012.

Our highest consideration for funding this year will be given to previously approved projects, Priority 1 and 2 projects as outlined in the criteria. However, other projects that clearly demonstrate significant future operating cost savings, enhanced revenues, or considerable public need, will receive consideration. **Please submit only those projects that can be supported in these terms.**

Thank you for your continued efforts preparing budgets during these challenging times.

Capital Construction Five Year Planning

Budget Submission – Timeline

- ❑ One copy, listing in priority order, your essential projects and related dollar amounts by **October 25, 2010**.
- ❑ One copy of schedule for all outstanding capital authorizations by **November 5, 2010**.
- ❑ The full budget submission is due to the office of the Commissioner of Buildings and General Services by **November 5, 2010**.
 - Mail one complete package.
 - E-mail all completed forms to Wanda.Minoli@state.vt.us

Process/Format

The planning documents are attached and available on the Department of Buildings and General Services webpage: <http://bgs.vermont.gov/formsandpublications>

- ❑ All submissions must be on the forms and in the format provided. In addition to the forms, any planning documents, spreadsheets or other forms used within your organization may be attached as an addendum.
- ❑ All completed forms shall be submitted by e-mail to Wanda.Minoli@state.vt.us or
- ❑ Mail one complete package to:
 - Wanda L. Minoli, Principal Assistant
 - State of Vermont
 - Department of Buildings and General Services
 - Office of the Commissioner
 - Two Governor Aiken Avenue
 - Montpelier, Vermont 05633-5801

Once we have received and reviewed your submission, the Commissioner's Office will be contacting you to schedule a meeting to discuss your submission in more detail. Please be prepared to make yourself or staff available due to the short timeframe.

Capital Budget Information Required

- ❑ Submit one summary, listing in priority order your essential projects and related dollar amounts, by **October 25, 2010**. Last year's Excel spreadsheet submission is available by contacting Wanda Minoli at Wanda.Minoli@state.vt.us or calling 828-0265.

***On the five-year planning document, you will need to provide:
Due November 5, 2010.***

- ❑ Descriptive detail information for each project.
- ❑ Ranking of agency priority.
- ❑ Total amount of prior allocations.
- ❑ Identify the total dollar value of the project and time frame over which the acquisition can occur.
- ❑ Estimate what additional operating costs will be associated with the capital project (e.g., staffing and operating costs associated with a new building)

Additional Capital Budget Request Information

If the project request is for state funds to support local pollution control, water supply, municipal, recreation, or school construction, you will need to:

- ❑ Indicate whether the project has received local funding and voter approval.
- ❑ Indicate if project engineering plans have been prepared and whether the State is required under law to advance the funds or grant the funds. Explain what is recommended and why the State should fund the project.
- ❑ Identify municipal assistance that has been committed for the operation and maintenance of development or the process that will be used to obtain that commitment.
- ❑ Cite any applicable statutory authority relevant to this request.

Outstanding Capital Authorizations: Finance and Management Requirements

- ❑ As required by Title 32 V.S.A. Section 310 (2) (A), prepare, by project, a separate itemized schedule of all outstanding capital authorizations as of June 30, 2008: the amounts expended, amounts encumbered, and estimated amounts that are required for each program and individual project.

Capital Project Priority Criteria

Priority 1

Critical

- Current legal liability requiring capital improvements.
- Projects that address potential life-safety violations.
- Projects which re-use or protect existing state infrastructure.

Priority 2

Prior Capital Allocation or Commitment

- Projects for which prior funding has been expended and that require additional funding to ensure completion.
- Projects for which prior funding has been allocated but not yet expended.
- Projects for which a prior commitment to fund has been approved by the Administration.

Priority 3

Strategic Investments

- Projects which are linked to specific agency/department program outcomes.
- Projects which enhance customer service.
- Projects which will yield cost-benefit operating efficiencies.

Priority 4

Future Investments

- Projects which support the creative use of department resources, provided that the project is aligned with the department's mission.
- Projects which invest in local infrastructure in order to promote development and positive social policy.

Five Year Capital Budget Planning Materials

Attached are the forms that comprise your FY 2012 Capital Request. In addition, please identify each project requiring capital support for the next five years. All forms must be completely filled out since they may be copied and included for submission to the Legislature.

Please fill out one form for each project.

1. Agency	Self-explanatory
2. Department	Self-explanatory
3. Program	The program within the Agency/Department/Division that the Capital Acquisition will be applied to (i.e., child care, water quality, etc.)
4. Program Title	Self-explanatory
5. Program Mission	What is the mission for this program? It must conform to the mission outlined in your budget planning.
6. Project Title	Self-explanatory
7. Project Location	Address
8. Project Description	Briefly describe the project, what it will accomplish, who it will serve, positive benefits to the State and citizens.
9(A). Agency Ranking	Please rank in order of Agency priority.
9(B). Department Ranking	Please rank in order of Department priority.
9(C). Project Priority	Assign a priority evaluation by using the attached "Capital Construction Criteria".
10. Project Priority	Define the project according to those categories attached in the "Capital Construction Criteria".
11. Program Mission	How will the Capital Acquisition enhance goals and mission?
12. Total Project Cost	Please include <u>all funds</u> in this calculation.
13. FY 2012 Capital Request	Self-explanatory
14. Prior Allocations	Provide a total sum of all previous allocations.
15. Capital Cost Allocation	For the next five years, please define the monies that will be requested for each project.
16. Other Sources and Amounts	Describe the source and amount of funds that will be available for this project.
17. Effect on Program	Self-explanatory
18. Operating Cost Allocation	Estimate the effect that this capital project will have on your personal services and operating budgets. Identify any new positions that you will need if the project is approved. Estimate the anticipated Fee for Space cost. For totally new space, calculate the full fee for space amount; and for new space replacing leased space, enter the net increase. Also indicate the proposed source of funds. This information will be provided to the Department of Finance and Management for analysis.