

# Permanent Improvement Projects

OCT. 16, 2019

# Overview

- ▶ Capital Budgeting is housed within the Executive Budget Office
- ▶ Given oversight responsibility for the State's permanent improvements program through the Comprehensive Permanent Improvement Plan (CPIP)
- ▶ Coordinate the approval process, and monitor and report budgets and expenditures of all permanent improvement projects for state agencies and higher education institutions

# Policies and Procedures

Guidelines for the establishment of permanent improvement projects was revised in 2018 and retitled as:

## *Policies and Guidance for Establishment and Maintenance of Permanent Improvement Projects*

This document can be found on the Department of Administration website under the Executive Budget Office

# What Qualifies as a Permanent Improvement Project?

## STATE AGENCIES

- Any acquisition of land, regardless of cost.
- Any acquisition (as opposed to the construction) of buildings or other structures, regardless of cost.
- Construction of new facilities and any work on existing facilities including their renovation, repair, maintenance, alteration or demolition in those instances in which the total cost of all work involved is \$100,000 or more.
- Architectural and engineering and other types of planning and design work, regardless of cost, which is intended to result in a permanent improvement project.

### **\*\*Master plans and feasibility studies are not permanent improvement projects\*\***

- Capital lease purchase of any facility acquisition or construction.
- Equipment that either becomes a permanent fixture of a facility or does not become permanent but is included in the construction contract should be included as a part of a project.

# What Qualifies as a Permanent Improvement Project?

## INSTITUTIONS OF HIGHER LEARNING

- Any acquisition of land, regardless of cost, with staff level review of the Joint Bond Review Committee and the State Fiscal Accountability Authority, up to \$250,000.
- Acquisition (as opposed to construction) of buildings and other structures, regardless of cost, with staff level review of the Joint Bond Review Committee and the State Fiscal Accountability Authority, up to \$250,000.
- Work on existing facilities for any given project including their renovation, repair, maintenance, alteration, or demolition in those instances in which the total cost of all work is \$1,000,000 or more.
- Architectural and engineering and other types of planning and design work, regardless of cost, which is intended to result in a permanent improvement project.

**\*\*Master plans and feasibility studies are not permanent improvement projects\*\***

- Capital lease purchase of a facility acquisition or construction in which the total cost is \$1,000,000 or more.
- Equipment that either becomes a permanent fixture of a facility or does not become permanent but is included in the construction contract shall be included as a part of a project in which the total cost is \$1,000,000 or more.
- New construction of a facility that exceeds a total cost of \$500,000.

# Phased Approvals

The Joint Bond Review Committee reviews permanent improvement project requests in two phases to promote informed review and mitigate potential for scope changes and cost overruns.

**Phase I** reviews the conceptual components and scope of a project proposal with expenditures authorized for pre- and limited design services only. The objective of Phase I is to authorize funds for the development of firm cost estimates and definition of project scope.

**Phase II** reviews firm project design, scope and construction budget following completion of the Phase I pre- and limited design services, and may include further details and justification.

**\*\*Favorable review of a Phase I proposal does not guarantee favorable review of a Phase II project or construction budget.\*\***

# JBRC / SFAA / CHE Calendars

- ▶ Joint Bond Review Committee:
  - Meeting calendar published annually
  - Meets approximately 7 times a year
- ▶ State Fiscal Accountability Authority:
  - Meeting calendar published annually
  - Meets approximately 7 times a year

**Permanent Improvement Project request submission deadlines to the Executive Budget Office are established annually and published on the Department of Administration website under the Executive Budget Office.**

- ▶ Commission on Higher Education:
  - Meeting calendar published annually
  - Meets approximately 11 times a year

# Permanent Improvement Project Submission Requirements

## Phase I:      Construction/Renovation Project

Budget amount request @ 1.50% of the estimated cost to complete the project:

- ▶ A-1 Form
- ▶ A-49 Form
- ▶ Questionnaire – Phase I A&E Design
- ▶ Internal Cost Estimate
- ▶ Budget Load Worksheet
- ▶ CHE Approval (Higher Education Institutions)

# Permanent Improvement Project Submission Requirements

## Phase II:      Construction/Renovation Project

- ▶ A-1 Form
- ▶ A-49 Form
- ▶ Questionnaire – Phase II Construction
- ▶ Concept design documents
- ▶ Estimate of the cost prepared by a party independent of the agency/institution
- ▶ Energy savings (cost-benefit analysis)
- ▶ Budget Load Worksheet
- ▶ CHE Approval (Higher Education Institutions)

# Permanent Improvement Project Submission Requirements

## Phase I: Preliminary Land Acquisition

Budget amount request up to \$20,000

- ▶ A-1 Form
- ▶ A-49 Form
- ▶ Questionnaire – Preliminary Land Acquisitions
- ▶ Map of property
- ▶ Request to Acquire Real Property
- ▶ Budget Load Worksheet
- ▶ CHE Approval (Higher Education)

# Permanent Improvement Project Submission Requirements

## Phase II:      Final Land Acquisition

- ▶ A-1 Form
- ▶ A-49 Form
- ▶ Map of property
- ▶ Property Information Format
- ▶ Appraisal (for purchases)
- ▶ Letters of support from County Council and School District
- ▶ Phase I Environmental Study
- ▶ Building Condition Assessment (if applicable)
- ▶ Official letter requesting permission to acquire property
- ▶ Budget Load Worksheet
- ▶ CHE Approval (Higher Education)

### Capital Project Required Approval(s) by Transaction Type

Transaction Type	Approval(s) Needed			
	JBRC Staff	JBRC Full	SFAA	ADMIN
Cancel a Project				•
Change Project Name (doesn't meet JBRC criteria)				•
Close a Project				•
Decrease a Project Budget				•
<b>Establish a Project (State Agency):</b>				
- Legislatively Authorized (any amount)				•
- Greater than \$100k but Less than \$250k	•			•
- Greater than or equal to \$250k but less than \$1m		•		•
- Greater than \$1m		•	•	
<b>Establish a Project (Higher Ed):</b>				
- Legislatively Authorized (any amount)				•
- Less than \$1m (work on existing facilities)		PIP Not Required		
- Greater than \$1m (work on existing facilities)		•	•	
- Greater than \$500K (new construction)		•	•	
<b>Increases: (within threshold limits established by JBRC/SFAA)</b>				
- Increase Budget (Legislatively-Authorized Project)				•
- Increase due to Transfer (up to 10%)				•
- Increase Budget (revised total project cost less than \$250,000)	•			•
- Increase Budget (revised total project cost exceeds \$249,999 to \$999,999)		•		•
- Increase Budget (revised total project cost exceeds \$999,999)		•	•	
<b>Land Acquisitions:</b>				
- Less than \$250k	•			•
- Greater than or equal to \$250k but less than \$1m		•		•
- Greater than \$1m		•	•	
<b>Scope Revisions:</b>				
- Project Greater than \$10m and Square Foot Change of 20% or more		•	•	
- Project Less than or equal to \$10m and Square Foot Change of 30% or more		•	•	
- All other that don't meet JBRC criteria				•
<b>Source of Funds Changes (State Agencies):</b>				
- Less than \$100k				•
- Between \$100k and \$250k	•			•
- Greater than \$250k		•		•
<b>Source of Funds Changes (Higher Eds):</b>				
- Less than \$100k and no tuition/fee increase				•
- Between \$100k and \$500k with no tuition/fee increase	•			•
- Greater than \$500k or any amount with tuition/fee increase		•		•
<b>Transfers: (within threshold limits established by JBRC/SFAA)</b>				
- Up to 10% between Projects				•
- Greater than 10% between Projects	•			•



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DEPARTMENT of ADMINISTRATION

# Frequently Asked Questions

- ▶ Once a project request is submitted, how long does it take to get it approved?
  - *It depends on the approval level required for the request.*

## **Admin**

*Reviewed internally by a group of Department of Administration staff, periodically, between JBRC/SFAA meeting cycles.*

*\*\*These items take a week to a month or so.\*\**

## **JBRC Staff**

*Reviewed internally by a group of Department of Administration staff, as well as, JBRC Staff, periodically, between JBRC/SFAA meeting cycles.*

*\*\*These items take a week to a month or so.\*\**

## **JBRC & SFAA**

*Reviewed internally by a group of Department of Administration staff, JBRC Staff, JBRC and SFAA (as required).*

*\*\*These items take six to ten weeks depending on the meeting cycle.\*\**

# Frequently Asked Questions

- ▶ When should a request be submitted to establish a project?
  - ❑ *The work to be completed meets permanent improvement project criteria.*
  - ❑ *Funding is available to cover Phase I A&E design service costs.*
  - ❑ *Ready to begin procuring design services in the next couple of months.*

## **Things to remember:**

- ❑ *Feasibility studies and master plans do not qualify as PIPs.*
- ❑ *A&E design services should not be procured prior to the establishment of a PIP, unless they are part of a feasibility study or master plan.*
- ❑ *PIPs must follow the Phase I/Phase II process unless special permission is granted.*

# Frequently Asked Questions

- ▶ Where should permanent improvement project requests be submitted?
  - ❑ *All requests should be emailed to [A1@admin.sc.gov](mailto:A1@admin.sc.gov)*
  - ❑ *Higher education institutions should simultaneously submit requests to [A1@che.sc.gov](mailto:A1@che.sc.gov)*

## **Things to remember:**

- ❑ *It is not recommended or necessary to copy EBO staff on initial permanent improvement project requests as the A1 email address is the central repository for project submissions.*

# Frequently Asked Questions

- ▶ A life safety concern has arisen which qualifies as an emergency procurement and a PIP....What do we do?
  - ❑ *An A-1 should be submitted to EBO as soon as practicable following the actions taken to address the emergency.*

## **Things to remember:**

- ❑ *There are no statutory or policy exemptions to the review and approval processes for permanent improvements established as a consequence of such circumstances.*

# Frequently Asked Questions

- ▶ A gift of design and/or construction has been offered to our agency/institution, and the value of the gift exceeds \$100K and the work qualifies as a PIP....What do we do?
  - ❑ *An A-1 should be submitted to EBO following the normal Phase I/Phase II process.*
  - ❑ *The approval required for the request will follow the normal process based off of the total value of the construction related gift to be received.*

## **Things to remember:**

- ❑ *A copy of the written agreement with the donor executed by the donor and the recipient must be attached to the A-1 project submission.*
- ❑ *In this scenario the donor will procure all services and pay all invoices. No funds will be expended by the agency/institution.*

# Frequently Asked Questions

- ▶ An outside entity wishes to gift cash to be used in the design and/or construction of work that qualifies as a permanent improvement project...What do we do?
  - ❑ *An A-1 should be submitted to the EBO following the normal Phase I/Phase II process.*
  - ❑ *The approval required for the request will follow the normal process based off of the total estimated cost to complete the project.*

## **Things to remember:**

- ❑ *A copy of the written agreement with the donor executed by the donor and the recipient must be attached to the A-1 project submission.*

# Frequently Asked Questions

- ▶ A project approved through Phase II is in progress of being completed and the expenditures in one of the budgeted line items from section 8 of the A-1 is going to exceed the approved budgeted amount...What do we do?
  - ❑ *Budgeted contingency funds available - use these funds first.  
\*\*No action required at this time.\*\**
  - ❑ *Budgeted contingency funds not available, but funds are available from another line item that are not needed to complete that item – use these funds second.  
\*\*No action required at this time.\*\**
  - ❑ *Budgeted funds not available in the approved project.  
\*\*\*Action is required at this time. Submit A-1 to increase the project budget\*\**

# Frequently Asked Questions

- ▶ Construction is complete, all invoices have been paid and there is budget remaining. Can we transfer the available budget and funds to another project or projects?
  - ❑ *Yes - An A-1 should be submitted for both the “transfer from” and “transfer to” projects.*

## **Things to remember:**

- ❑ Approval:
  - \* *Transfer amount up to 10% between projects requires Admin approval.*
  - \* *Greater than 10% between projects requires JBRC Staff approval.*
- ❑ *Funding authorization restrictions apply to all transfer requests.*

# Frequently Asked Questions

- ▶ Construction is complete and all invoices have been paid. When should we close the project?
  - ❑ *Once all financial activity and warranty periods have ended, the project should be requested for closure.*

## **Things to remember:**

- ❑ *If assets are to be settled in SCEIS, this should be done prior to closing the project.*
- ❑ *Projects should be closed in a timely manner.*

# Frequently Asked Questions

- ▶ Acquisition of a building or other structure, such as a pre-fabricated or manufactured building of less than \$100K....Does this qualify as a PIP?
  - ❑ *Yes, and the request should follow the Phase I/Phase II process.*

## ***Things to remember:***

- ❑ *The estimated cost to complete the acquisition should include the cost of acquiring the structure as well as any related costs of acquisition. Like major or incidental construction or renovation, site preparation, professional fees, and utility connection fees.*

# Phase I Extensions

- ▶ JBRC policy requires all Phase I projects be submitted for approval for Phase II within two years of the Phase I approval.
- ▶ A request for extension must be submitted for consideration by the Joint Bond Review Committee for any project that has not been submitted for Phase II within two years of the Phase I approval.
- ▶ If a request for extension is granted by the committee and the project is not submitted and approved for Phase II within two years of approval of the extension, the project must be closed or a further request for extension must be submitted for committee consideration.

## **Things to remember:**

- ❑ *Agencies/institutions with projects that qualify for an extension request will be notified in early November each year.*
- ❑ *Phase I extension requests will be included on the January JBRC agenda each year.*
- ❑ *Only 1 extension request per project will be granted by the Joint Bond Review Committee*

# Comprehensive Permanent Improvement Plan

- ▶ All state agencies and higher education institutions responsible for providing and maintaining physical facilities are required to submit a Comprehensive Permanent Improvement Plan (CPIP) annually.
- ▶ The plan must include all anticipated PIPs over the next five years, beginning with the fiscal year starting July 1 after submission.
- ▶ The purpose of the CPIP process is to provide the committee and the authority with an outline of each agency's permanent improvement activities for the next five years.

## **Things to remember:**

- ❑ *The CPIP instructions and documents are distributed to all agencies/institutions in April each year and due back no later than June 30.*
- ❑ *The CPIP is included on the JBRC and SFAA agendas in December or January each year.*

# QUESTIONS?