

Guidelines for use of “Unanticipated Repair Funds”

The Unanticipated Repair Funds are part of the capital budget appropriation for “Minor Works – Preservation” that was provided for the Community and Technical Colleges. This appropriation is intended to include the flexibility required to address unanticipated capital needs and is broken into several intended uses as shown below.

- SBCTC Emergency Fund
- SBCTC Capital Program
- Facilities Condition Survey
- Hazardous Materials Fund
- Allocation to each college for unanticipated repair needs (URF)

The “SBCTC Emergency Fund” and “Hazardous Materials Fund” requirements and policy are addressed on the SBCTC web page. The “Facilities Condition Survey” and “SBCTC Capital Program” funds are used to continue the SBCTC capital program.

The final portion of the appropriation is intended to fund “unanticipated repair” needs at each college. This funding was previously known as “Repair and Minor Improvement” (RMI), but this designation was dropped to provide more clarity regarding the intended use. The new designation for these funds is the “Unanticipated Repair Funds” or “URF”. This portion of the appropriation can be used to fund the repair of essential infrastructure or building systems at individual college campuses.

The distribution of URF to the individual colleges is based on the following formula:

<i>Factors</i>	<i>Approximate Share of Available Dollars</i>
Total GSF of owned buildings	35%
Total state supported FTE (full time students)	35%
Total GSF of buildings that are more than 25 years old	30%

Colleges need to be accountable for expenditures of these funds in accordance with legislative intent and OFM rules. These guidelines have been established to help insure that the Community and Technical College system maintains credibility by following the intent of the Legislature. This should help the system to successfully compete for scarce capital resources when requesting funds in future capital budgets.

Since these preservation funds are appropriated in the capital budget, OFM rules govern expenditure of these funds. The capital budget bills have typically included a section that defines minor works projects and specific funding criteria.

The following categories and definitions are established to help colleges plan for and use this funding. Any questions regarding the appropriate use of these funds should be brought to the attention of the Director of Capital at the State Board for Community and Technical Colleges.

Allowable URF Expenditures (details below):

- 1. Emergency project matching funds**
- 2. Code/regulatory compliance**
- 3. Emergent/deferred capital repairs**
- 4. Supplemental funding for capital repair**

1) Emergency Reserve Matching Funds

Colleges can request to use a portion of the “SBCTC emergency project fund” identified above. When colleges qualify to use these emergency funds, they are required to commit matching funds. Colleges can use some of their URF as described in the Emergency funding policy, which can be found on the State Board website.

As a rule of thumb, colleges should try to reserve at least 30 percent of their URF allocation for the second year of the biennium.

2) Code/Regulatory Compliance

URF may be used for permanent facility improvements to comply with building codes and regulations. These improvements include seismic, fire, health, life safety, ADA and hazardous material removal (e.g., lead, PCBs, asbestos). Other funding sources such as the “Hazardous Materials Fund” should be exhausted before using these funds to address the need.

3) Emergent/Deferred Capital Repairs

URF can be used to fund critical capital repairs that have emerged since the last facilities condition survey. In addition, these funds can be used for repair projects that were not included in the current capital budget but have become a higher priority for the college. A capital project can include design work (including related studies) and construction.

Since a portion of the “Minor Works – Preservation” appropriation is designated to each college and identified as an individual sub-project (minor works project) within the capital budget, up

to 25% of each college URF allocation can be used for minor improvements, if allowed in the capital budget. The previous capital budget bills have included the following proviso:

“Minor works preservation projects may include program improvements of no more than twenty-five percent of the individual minor works preservation project cost”

Therefore, as a guideline, up to 25% of the URF provided for each college may be used for minor program improvements.

4) Supplemental Funding for Capital Repair

URF may be used to supplement other capital projects with funding shortfalls, if expressly authorized by OFM. Please contact the Director of Capital at the State Board for Community and Technical Colleges to pursue this option.

Unallowable URF Expenditures (details below):

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| 1. Maintenance & Operations | 7. Parking |
| 2. Enterprise Operations | 8. Student Government |
| 3. Salaries and Benefits | 9. Energy Conservation |
| 4. Instructional Equipment | 10. Telecommunications/
Information Technology |
| 5. Equipment/Furnishings | |
| 6. Leased Facilities | |

1) Maintenance & Operations

URF shall not be used for regular maintenance or for normal operations such as grounds, security, and custodial work. Normal maintenance and operating functions are to be supported by operating funds. In addition, these funds cannot be used to pay Local Improvement District assessments or in-lieu of assessments by local fire, water and sewer, and other local districts.

2) Enterprise Operations

URF shall not be used to support enterprise operations such as bookstores, food services, dormitory operations, or parking. Capital funds shall not be used to repair, remodel, renovate, or construct space for self-supporting enterprise operations.

3) Salaries and Benefits

URF shall not be used for salaries, benefits, or other personnel related expenses. The one exception is direct labor costs associated with a capital project. For example, if a college hires a temporary employee, or uses their own classified staff to perform an in-house capital project using these funds, then the direct labor cost may be charged to the project.

4) Instructional Equipment

URF shall not be used for the purchase or repair of instructional equipment. The use of capital funds to purchase instructional equipment is allowable only on large capital construction projects (e.g., major, renovation, or replacement) where new space is constructed. After the initial capital project is completed, instructional equipment is viewed as portable equipment that would be removed if the space were vacated.

5) Equipment/Furnishings

URF shall not be used to purchase or repair equipment and furnishings, including mobile equipment, tools, furniture, site furnishings, office machines, carpet or window coverings. The use of capital funds to purchase equipment/furnishings is permissible only on a large capital project where new space is furnished for the first time.

6) Leased Facilities

URF shall not be used for projects within facilities that are not owned by the state. However, an exception is allowed if the lease of a facility will result in the ownership of the property through an existing COP or lease/purchase agreement.

7) Parking

URF shall not be used to construct, maintain, or repair parking facilities, including parking lots, parking structures, and all appurtenances such as curbs, access roads and signage. Funding for parking facilities should be derived from parking fees. However, site lighting and pedestrian access paths within a parking area can be repaired using these funds since they are required for accessibility and safety.

8) Student Government

URF shall not be used to construct, remodel, or renovate facilities used solely for student governance, student recreation, student leisure activities, and student club rooms. Student fees shall be used for capital improvements to facilities used predominantly for the purposes stated above. Colleges are encouraged to use alternative funding (e.g., COP) to obtain capital funds for these endeavors.

9) Energy Conservation

URF shall not be used to pay debt service on energy conservation projects. Colleges are to use operating dollars (utility savings) to fund energy projects. The Department of Enterprise Services Energy Office works with state agencies and colleges to provide access to and support for evaluation and development of successful energy conservation projects. Utility assistance programs, Guaranteed Energy Savings Program, together with college utility savings can be used to finance Energy Service Company (ESCO) projects. Paybacks for reasonably developed projects are generally less than eight years.

10) Telecommunication/Information Technology

URF shall not be used to purchase or repair telecommunications, computing, and information technology equipment, or purchase software. However, these funds may be used to extend communication and data infrastructure (e.g., conduit and wiring) if the 25% improvement limitation is met as described in the capital budget bill. Otherwise, Improvements to telecommunications, computing, and technology hardware and software must be funded from operating budgets and/or student fees.