



***Governor's FY 2025-  
27 Capital Budget  
Development  
Kickoff***

***October 11, 2024***

Integrity

Curiosity

Innovation

Teamwork

Excellence



## Objectives

1. Explain capital priorities for biennium budget requests
2. Review the budget process, guidelines, and timeline for capital requests
3. Answer questions and share knowledge across agencies



## Priorities for Agencies Budget Requests



### **Prioritize requests focused on:**

- Meeting critical needs
- Enhancing service delivery
- Investing in evidence generation



### **Continue emphasis on evidence-based requests.**



### **Align requests with agency strategic plans, performance measures, and priority questions.**



## What does this mean for Capital requests?

- ✓ Potential areas where there is **high need requests** (e.g. long-standing refurbishment needs) or which have not received as much funding in recent years.
- ✓ **Existing projects** in planning stage or underway but inflation is a major issue for some projects:
  - OSBM maintains flexibility funds to support projects impacted by inflationary pressures.
  - Identify requests where you have also applied for the OSBM pot so we can update as decisions are made.
- ✓ Projects needed to deliver agency **strategic plans**.
- ✓ **Longer-term** R&R needs.



# Long Session Budget Development Process

## October

Budget Kick-off –  
Oct. 10<sup>th</sup>

Capital Training –  
Oct. 11<sup>th</sup>

## December

Operational JDFs  
and IT Surveys Due  
– Dec. 6<sup>th</sup>

Capital and R&R  
ABC Lists Due – Dec.  
6<sup>th</sup>

Meet with Budget  
Analysts

## January

OSBM/Agency  
Leadership  
Meetings

Final JDFs, WSIIIs,  
WSIIIs, OC-25s, and  
Special Provisions  
Form Due – Jan.  
17<sup>th</sup>

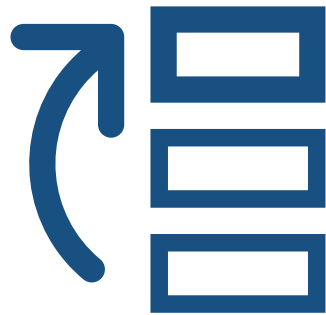
Submit enrollment/  
population data –  
Jan 17<sup>th</sup>

## February/March

Final Special  
Provision Language  
Due – Feb 17<sup>th</sup>

Governor Review of  
Budget

# STEP 1: ABC List





## Step 1: Capital ABC List Overview

Aims to **streamline** agency capital budget development process.

- 1) Summarize all capital and repairs & renovations (R&R) budget requests **prior to submitting any Worksheet-III**s.
- 2) Work with OSBM in December and January to:
  - 1) Refine requests given constraints
  - 2) Support requests with data and evidence
- 3) Incorporate feedback into WSIIIs for capital **only** – WSIIIs are not needed for R&R requests.



# ABC List Template – Capital

## Matching OC-25

- An OC-25 form, signed off by the State Construction Office, is required.

## Federal or State Mandate

- Indicate if this request is due to a federal or state mandate.

## Health & Safety

- Indicate if this request is to address health and safety considerations.

## Needed for Gov't Services

- Is this project needed to continue existing or provide new government services?

## Extend Useful Life

- Will this project extend the useful life of the building?

## Increase Operational Efficiency

- Will this project increase operational efficiency?

## Timing

- Anticipated timeframe for planning and construction.

## Operating Costs

- Estimated operating costs that would be associated with the new capital project.





# ABC List Template – R&R

## Summary of Request Justification

- Provide a summary of the justification for the R&R request, including any data and evidence that describes the need.

## Matching OC-25

- An OC-25 form, signed off by the State Construction Office is required for Non-General Fund R&R requests.

## Type of Repair Requested

- Indicate the type of repair and renovation project requested.

## Timing

- Anticipated timeframe for planning and construction.



## Capital ABC List Meetings

*For each request, agencies should be able to answer:*

- 1. What is the capital requirement, and why is it necessary to proceed with it now?**
  - How urgent are repairs and why?*
  - How will a new facility contribute to an agency's goals or improve service delivery?*
  - What is the demand for a new park / museum / community college facility / etc.?*
- 2. What other approaches did you consider?**
  - \* E.G.: if a new office building, did you consider leasing instead/ what are the pros & cons of state ownership vs leasing?*
- 3. What impact do you expect on operating costs?**
  - What efficiencies do you anticipate? If higher costs, will you require additional state funding, or will fees/other income cover?*

## Step 2: WSIII Forms





## Step 2: Worksheet IIIs (Capital)



**Final change requests must be submitted in IBIS.**

- WSIII-C for capital project requests
- WSIII-R for R&R projects are NOT required BUT OC-25s are needed for all Non-Gen fund R&R projects.



**WSIIIs are due by **January 17, 2025**.**

***\*Note: OSBM will NOT bring forward any WSIIIs in IBIS.***



## Worksheet III (Capital)



### **OSBM will prioritize requests:**

- Contributing to agency priorities/agency strategic plans
- Are required to meet critical service delivery needs
- Address inflationary pressures



### **Looking for use of evidence and/or data, e.g.**

- Why is a new building/refurbishment/leasing best option?
- What difference does hybrid working make to demand for office space? How will agencies manage this?
- What is the demand for a new facility/museum/park/etc.?



### **Inflationary adjustments must be backed by evidence:**

1. There is no increase in project scope; and
2. Attempts to live within current budget constraints have been made.



## Worksheet III (Capital)



**Agencies should explain why proposed projects are a priority:**

**\* Critical Criteria:**

- Mandated by Federal or State law
- Health & safety considerations
- Timing

**\* Strategic Criteria:**

- Advance the Agency's strategic goals and objectives
- Address increased relevant populations and/or services
- Operational benefits
- Cost-benefit/finance/economic considerations
- Environmental or historic preservation

***\*All requests over \$100,000 must have an OC-25 Cost Estimate certified by the State Construction Office.***



## Worksheet III (Capital)



**Please read over the New Capital Projects Job Aid for step-by-step details on the WSIII.**

- Job Aid has more information on OC-25s and on filling out Non-General Fund project requests.
- Examples of cash-flowing larger project requests.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>Renovate Headquarters Building</b>	<b>\$10M</b>	<b>\$20M</b>	<b>\$15M</b>	<b>\$5M</b>		



# Capital Projects and Repairs & Renovations



## Capital

WSIII-Cs are required for all General Fund and receipt-supported capital projects.



## R&R

- **Agencies should include R&R requests in their Capital and R&R ABC Lists, which includes:**
  - A list of one-time R&R projects for FY 2025-27
- ***No WS-III-Rs required for R&R.***
- Submit OC-25s for all Non-Gen Fund R&R projects.





## 2024-25 Budget Development Key Dates



***Due on or before:***

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### 2024-25 Budget Preparation Key Dates/Deadlines

<u>Date</u>	<u>Action</u>
<b>December 6, 2024</b>	Capital and R&R ABC Lists, IT Request Surveys/Operational JDFs due for agencies
<b>December - January</b>	Capital ABC Meetings with OSBM
<b>January 17, 2025</b>	WSIIs, and IIs, OC-25s, and Special Provision Forms due
<b>February 17, 2025</b>	Final Special Provision language due
<b>March</b>	<b>Budget Book Released</b>



## Resources

- [FY 2025-27 Budget Instructions](#)
- [Templates and Job Aids:](#)
  - **Capital and R&R ABC List Template** (Excel file)
    - New Capital Project Requests
    - Capital Repairs & Renovations
  - **Special Provision Submission Form** (Word doc)
    - Special Provisions
- **Your OSBM budget development analyst!**



**QUESTIONS?**

*Stay in touch!*

**Capital Budget Development**

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