

## JOB AID: NEW CAPITAL PROJECT REQUEST

### New Capital Project Requests Job Aid

This job aid describes the process agencies should use to submit requests for new capital projects with Worksheet IIIs (WSIII) forms. WSIII forms are due **January 17<sup>th</sup>**. For more information on this process, agency budget staff should attend the Capital Budget Instructions Training on **October 11, 2024**. [RSVP here](#).

Prior to submitting WSIIIs, agencies should submit a Capital and R&R ABC List, which summarizes capital project requests, by **December 6<sup>th</sup>**. A template for the Capital and R&R ABC List can be found at the OSBM website: [Capital and R&R ABC List Template](#). Agencies will work with OSBM to determine which requests are viable given budgetary and other constraints, develop the business case for requests using data and evidence wherever possible, and further refine and adjust requests based on feedback from decision makers.

Agencies must request all capital projects, including General Fund requests and non-General Fund (receipts), in IBIS through the WSIII form. Agencies are required to submit the following:

- *WSIII-C Summary* – Lists all capital budget requests supported in whole or part from General Fund appropriations in priority order for the current six-year planning period starting in FY 2025-26. DO NOT request all the department’s projects in the first two years. This process intends to identify a department’s needs for the next six fiscal years.
- *WSIII-C Capital Budget Request* – Provides project descriptions, justifications, six-year funding schedules, and other capital improvement related information for capital budget requests. Agencies must complete this form for every request (General Fund and non-General Fund) for the 2025-27 biennium. Priorities, project titles, and funding must match data listed on the *WSIII-C Summary and WSIII-NGF Summary*.
- *WSIII-C NGF Non-General Fund Summary* – Lists all capital budget requests supported from 100% non-General Fund appropriations in priority order for the six-year planning period. Do not list any projects for FY 2025-26 for which you do not anticipate having the receipts.

### New Capital Project Requests

A new capital project includes the acquisition of land, building a new building, expansion of square footage of an existing building or complex (such as an annex), and full building renovations.

**Setting the Priority Order:** Agencies are responsible for setting their priority list for their entire department not just by division. All requests must have a unique priority ranking, with “1” indicating highest priority.

**Selecting the Year that the Project is to Begin:** Agencies should be realistic about their ability to begin and execute a project. It is unlikely, for example, that some agencies can execute multiple large capital projects in one year. When requesting funds, an agency should request funding for when they believe they could execute a project. An agency should request funding for projects that can at least begin planning in the budgeted year and construction in the following year. For example, agencies should not make the entire capital improvement request for new capital for the first year of a new biennium.

**JOB AID: NEW CAPITAL PROJECT REQUEST**

- *Sixth Year of the Request:* Use the sixth year of the capital plan to demonstrate the need for projects that are required, but the agency does not expect that they can realistically execute the project should other, higher-priority projects be funded.

**Funding Amounts Needed:** To the extent possible, please utilize the six-year capital plan to provide cash flows for new projects that are projected to cost more than \$2.5 million. For example:

*Table 1: Sample Capital Project Request*

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Renovate Headquarters Building	\$10,000,000	\$20,000,000	\$15,000,000	\$5,000,000		

New capital project requests occurring later in the six-year period may not have sufficient years to input the proper cash flow. Please spread the cash flow out as much as the available six-year window allows to present the total project cost. An example for a \$55 million New Laboratory Building:

*Table 2: Sample Capital Project Requirement*

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Renovate Headquarters Building	\$10,000,000	\$20,000,000	\$15,000,000	\$5,000,000		
New Laboratory Building					\$5,000,000	\$50,000,000

**Project Feasibility (Required Information):** Agencies should provide all applicable information to evaluate project feasibility:

- **OC-25 Cost Estimate:** OC-25 cost estimates, certified by the State Construction Office (SCO), are required for every new capital budget and R&R project request that is \$100,000 or greater in cost. Provide certified OC-25 cost estimates for all projects requested for the 2025-27 biennium. OC-25 cost estimates for 2025-31 may be agency generated (not certified by SCO). For the former, submissions are accepted with OC-25s that have been submitted to SCO, but which are still in the process of being certified. However, the OC-25 must be certified **before the deadline for capital submission on January 17<sup>th</sup>**. OC-25s certified more than two years old must be updated by the State Construction Office.

**Project Evaluation (Required Information):** [G.S. 143C-8-3](#) lists required evaluation criteria for capital projects. Agencies are responsible for considering and providing information, as applicable, to address the following statutorily required components of a project request:

- Preservation, adequacy, and use of existing facilities,
- Health and safety considerations,

## JOB AID: NEW CAPITAL PROJECT REQUEST

- Operational efficiencies, and
- Projected demand for governmental services.

**Impacts to the Operating Budget (Required Information):** G.S. 143C-8-6(f)(1) requires that agencies submit operating cost impacts of any new capital improvement project requests. Agencies must provide information about increased appropriations needed for the opening of a new building or the renovation of an existing building. If there is no anticipated operating impact, agencies must still fill out the relevant portion of the WSIII stating that.

**Supplemental Information:** Agencies are encouraged to provide additional supplemental information for capital project evaluation, as described below.

- *Critical Timing:* Explain how the request impacts the start or completion of another capital project.
- *Agency Mission & Goals:* Explain how the project aligns with the agency's strategic plan.
- *Program Effectiveness:* Degree to which the request improves program effectiveness or increases program capacity other than "simple" addition of space.
- *Cost Benefit Analysis:* Provide information about what other alternatives were considered (such as leased space or remote working) and why a new capital project is the most cost-effective solution.
- *Economic Development:* Provide any relevant economic impact analysis, such as jobs created and direct and indirect benefits.
- *Environmental Hazards:* Identify any environmental hazards that are reduced or removed and describe the severity of those hazards.

**Evidence:** In providing this supplemental information, OSBM encourages agencies to emphasize data and evidence to show the need the request seeks to address and why this solution is expected to succeed. For example, in proposals to replace buildings, an agency could cite statistics around the expected life of buildings, alongside a cost-benefit analysis showing that replacing the building is better value than refurbishing it to modern standards.

To assist agencies in achieving this goal, OSBM will discuss this incorporation of data and evidence during Capital Budget Instructions Training on October 8. OSBM analysts will also ask about data and evidence supporting requests during Capital and R&R ABC List review meetings

### Non-General Fund Capital Projects Requests:

Agencies should follow the same procedure outlined above for both new General Fund supported projects and projects that non-General Funds or receipts will be entirely support.

**When to Request Non-General Fund Capital Projects:** Agencies should make the request year for a non-General Fund project:

- The expected year that non-General Fund receipts are available and that the project will begin construction.
- The year of grant submission to an external entity (for example the Federal Government), if funded by a grant.