

Project Classification

All projects submitted for consideration for the annual capital budget request and disclosures must be submitted in one of the following three classifications:

Capital Outlay

Definition: New buildings or structures, utility and/or service systems, land acquisition, site improvements, appurtenances, or permanent betterments including equipment which materially extends the useful life and improves or changes the functional use of a facility, normally meeting one or more of the following criteria:

- ❑ **Renovation**, restoration, and/or replacements, which result in a change in use, with the end product qualifying as E&G space for the PFI.
- ❑ **New Facility or Addition to Existing Facility**, which creates new E&G square footage.
- ❑ **Infrastructure Improvements** to roads, utility services, and landscaping associated with a Capital Outlay new, addition, or renovation project, and normally submitted as a portion of the single building project request.
- ❑ **Real Property Acquisition**, which replaces land lost to recent E&G facilities construction or is required for future E&G facilities construction recommended in a current Master Plan.

Capital Maintenance

Definition: Major non-routine repairs and replacements for E&G space unrelated to new construction, with a minimum value of:

\$100,000 for UoM or MTSU,
\$ 50,000 for APSU, ETSU,
TSU, and TTU, and
\$ 25,000 for other institutions,
for

- ❑ **Repair** to restore a facility or infrastructure to its former, better state without a change in use.
- ❑ **Replacement** of exhausted or damaged utility systems, roofs, exterior fencing and lighting, infrastructure and (at institutions other than universities) paving.
- ❑ **Removal** of hazards such as asbestos encapsulation or abatement.
- ❑ **Alteration** of safety or accessibility features, to rectify code deficiencies.
- ❑ **Modernization or Update** of obsolete building systems, for continuation of educational program.
- ❑ **Corrections** to bring buildings or systems into compliance with newer codes or standards.

Disclosure of Projects proposed from School Bonds and other sources

Definition: Any maintenance over \$100,000, or work requiring a designer, which adds or deletes square footage and will receive funds from a source other than Capital Appropriations, such as:

- ❑ **Tennessee State School Bond Authority** financing (bonds or commercial paper)
- ❑ **campus athletic funds:** revenues from athletic departments
- ❑ **campus auxiliary funds:** from bookstore, food service, housing, parking, health care, and the like
- ❑ **campus operating funds:** balances from appropriations and tuition allotted for improvement projects
- ❑ **land sale proceeds:** applicable only to work normally eligible for capital outlay funding
- ❑ **access fees:** (e.g., parking, technology)
- ❑ **student fees**
- ❑ **gifts:** donations, bequests, foundations
- ❑ **local funds:** (city or county participation)
- ❑ **federal funds:** grants and matches

POLICY and PROCEDURE
of the
STATE BUILDING COMMISSION
of
TENNESSEE

2.01 DEFINITION OF A PROJECT REQUIRING APPROVAL OF THE COMMISSION

- A. Any improvement to real property, including the demolition of any building or structure located on real property in which the State of Tennessee or any of its departments, institutions, or agencies has an interest, other than Department of Transportation, highway and road improvements and demolition of structures in highway rights-of-way will require State Building Commission approval. "Improvements to real property" is defined as follows: [*T.C.A. 4-15-101, et.seq.*]
1. The construction or erection of new buildings or structures in which the State of Tennessee or any of its departments, institutions or agencies has an interest whether financed by public or private funds or both; [*T.C.A. 4-15-101, et.seq.*]
 2. The major maintenance of any building or structure in which the State of Tennessee or any of its departments, institutions or agencies has an interest, wherein "major maintenance" is defined as the repair or renovation of any building or structure or any portion thereof in which the State of Tennessee or any of its departments, institutions or agencies has an interest and which is being funded by direct appropriations for major maintenance or which will cost in excess of one hundred thousand dollars (\$100,000); or [*T.C.A. 4-15-101, et.seq.*][*Policy & Procedures adopted 1978*]
 3. The major maintenance or renovations not covered in paragraph 4 below, funded from sources other than capital appropriations with expenditures, or a combination of separate expenditures, in excess of \$100,000 made in a six month period on a single building or structure owned or leased by the State institution of higher education or governing board thereof. Major maintenance shall not include cost of utilities, recurring and routine maintenance of systems and grounds, telephones/network installations and relocations, and custodial services. It is the express intent of the Commission that no major maintenance or renovation project be split to avoid the \$100,000 threshold. [*T.C.A. 49-7-129, et. seq.*] [*SBC Meeting Minutes 10/14/04*].
 4. The renovation of any building or structure in which the State of Tennessee or any of its departments, institutions or agencies has an interest, wherein "renovation" means the change in the functional use or operation of space in existing buildings or structures in which the State of Tennessee or any of its departments,

ITEM 2

JURISDICTION

institutions or agencies have an interest. *[T.C.A. 4-15-101, et.seq.] [Policy & Procedures adopted 1978]*

- B. The Commission shall also review proposals involving projects situated on land in which the State has an interest and proposed leases or contracts which would involve the use of public, private, or both funds for construction or improvements. *[Policy & Procedures adopted 1978]*
- C. The Commission shall review and approve proposed leases in excess of \$40,000 annual consideration or longer than five (5) years and land acquisition or disposal by any agency, department, or institution of State government, except thus as provided in Article I of its by-laws: *[T.C.A. 4-15-101, et.seq.] [SBC Meeting minutes 5/24/90]*
 - 1. Leases by or to the Wildlife Resources Agency do not require approval unless they are of the type described in TCA 4-15-102(d)(1)(D); however, the Commission will review the exempt leases as a matter of policy.
 - 2. The Department of Transportation's Bureau of Highways is exempt for acquisition of land for highway rights-of-way, and other exceptions provided in TCA 12-2-112.
 - 3. The University of Tennessee and the State University and Community College system are exempted for any interest in real property acquired by gift or devise unless such gift or devise obligates the State to expend State of Tennessee funds for capital improvements or continuing operating expenses.

Proposed revisions to THEC Policy Manual, Policy Number F4.0 titled *Capital Outlay and Capital Maintenance Funding Recommendations*, are indicated below:

The current Policy Number F4.0, sub-section 4.0.30 *Non State Funded Capital Projects*, will be deleted and replaced with the following:

4.0.30 Standard Process for Disclosure of Non State Funded Capital Projects

- As part of the annual appropriation request process, each governing board shall transmit to the THEC staff a list of capital projects to be considered for funding through the Tennessee State School Bond Authority or sources other than state appropriations.
- Due to the length of time that is involved in the budget process the two governing boards should include in their request the projects that they anticipate presenting to the State Building Commission in the upcoming two fiscal years.
- THEC staff will review the requests and make a recommendation to the Commission.
- The Commission's actions will be transmitted to the Department of Finance and Administration for review and disclosure in the annual budget document.
- The disclosed projects listing submitted by each system must include the following information: Project Name, Project Description, Funding Source; Estimated Project Cost; and the amount of square feet that will be added to the institution's current Educational and General square footage total.
- A project that is listed on an approved Disclosed Projects listing and has not received SBC approval within two years will lose its disclosed status. The governing board may again disclose this project in future budget cycles.

The current Policy Number F4.0, sub-section 4.0.30A *Amendments*, will be deleted and replaced with the following:

4.0.30A Amendments to the Disclosure Listing

- Amendments to the Disclosed Projects listing shall be transmitted to THEC staff by each governing board by March 31st of each year for consideration by the Commission at the spring quarterly meeting.
 - In April of each year THEC staff will transmit to the Department of Finance and Administration the Commission's action on amendments to the Disclosed Projects listing for review and inclusion in the Appropriations Bill.

- No further amendments will be made to the Disclosed Projects listing unless the project is:
 - of a true emergency nature to avoid immediate danger to persons or property; or unforeseen maintenance projects absolutely essential and indispensable to campus operations.
 - ⊕ A project in this category will be expedited and recommended by THEC for consideration by the State Building Commission at its next regularly scheduled meeting.
 - a special opportunity project. An example of projects in this category includes the receipt of a federal grant or private donation that requires the immediate construction, renovation, or demolition of space. In addition, the requirements of the grant or donation are such that the project cannot wait for consideration in the next budget cycle.
 - ⊕ Once THEC makes a recommendation for approval, a minimum of 45 days will transpire before the project may be formally submitted to the SBC for action.

Amendments Process

- A request to amend the Disclosed Projects listing shall be submitted by the president or chancellor of the governing board to THEC staff for review and approval prior to any request for action by the State Building Commission. The request shall include a letter explaining the need for the project, the amount and source of funding, and providing appropriate documentation to support the request.
- The Executive Director of THEC may approve an amendment on behalf of the Commission for projects that fall into either the emergency and/or special opportunity categories. In this case THEC staff will promptly notify the governing board, the Commissioner of Finance and Administration, the Chairs of the House and the Senate Finance Committees, the Legislative Budget Office, and members and staff of the State Building Commission of the recommended change to the project disclosure list and the effect that the project will produce in the institution's Educational and General square footage total.
- A project that is listed on an approved Disclosed Projects listing and has not received SBC approval within two years will lose its disclosed status. The governing board may again disclose this project in future budget cycles.

ADDENDUM

STATE BUILDING COMMISSION MEETING

October 14, 2004

SPECIAL ITEM

- 1) Review of a request for APPROVAL of a REVISION to Item 2, paragraph 2.01(A), of the *By-laws, Policy and Procedures of the State Building Commission*, to include a new subparagraph 3 as follows, and to renumber the existing paragraph 3 to paragraph 4, as recommended by the SBC Executive Subcommittee on September 20, 2004:
 3. The major maintenance or renovations not covered in paragraph 4 below, funded from sources other than capital appropriations with expenditures, or a combination of separate expenditures, in excess of \$100,000 made in a six month period on a single building or structure owned or leased by the State institution of higher education or governing board thereof. Major maintenance shall not include cost of utilities, recurring and routine maintenance of systems and grounds, telephones/network installations and relocations, and custodial services. It is the express intent of the Commission that no major maintenance or renovation project be split to avoid the \$100,000 threshold. *[T.C.A. 49-7-129, et. seq.]*

MEMORANDUM OF UNDERSTANDING

Guidelines for Definition of Normal, Routine, Everyday Maintenance

For the purposes of the implementation of SBC Policy Item 2.01(A)(3), normal, routine, everyday maintenance includes, but is not limited to, the items listed below:

A. Utility Expenses for the cost of:

- Electricity
- Water
- Sewer
- Gas
- Coal
- Steam
- Waste collection & disposal
- Telephone

B. Recurring Utility Maintenance

- Electrical substation and distribution system
- Steam Plant and steam distribution system
- Chilling Plants and air conditioning distribution system
- Water tanks and distribution system
- Steam Plant maintenance and repairs
- Condensate return pumps
- Energy conservation projects

C. Custodial Services

- Sweeping and dust mopping
- Vacuuming
- Dusting
- Glass and window cleaning
- Restroom cleaning
- Damp mopping
- Carpet cleaning
- Spray buffing
- Stripping and waxing
- Emptying waste cans
- Collecting recyclable materials
- Pest control treatments

D. Telephone Installations and Relocations

E. Network Port Fees

F. Network Port Installations And Relocations

G. Security and Fire Alarm Monitoring Fees

H. Recurring and Routine Building Maintenance

- General wall repairs and maintenance painting
- Maintenance replacement of carpet
- Routine roofing repairs
- Routine masonry repairs
- Lock repairs and replacements
- Window caulking and repairs
- Installation and repair of window blinds
- Installation and repair of chalkboards/whiteboards
- Sidewalk installation and repair
- Electric door opener installation and repair
- Door repairs
- Safety inspection repairs
- Replacement of worn out furniture
- Replacement of worn out and broken classroom furniture and equipment

I. Routine Electrical Repairs

- Repair and maintenance of panel boards and breakers
- Replacement of broken light fixtures and burned out light bulbs
- Replacement of broken receptacles and light switches
- Replacement of shorted out circuits
- Installation of additional circuits to relieve overloaded circuits
- Repair and replacement of exterior lights

J. Routine Plumbing Repairs

- Replacement of bursted pipes and valves
- Repair and replacement of broken or leaking restroom fixtures
- Repair of leaks
- Unstopping of drains
- Repair of water tanks
- Repair of water heaters

K. Routine Air Conditioning Repairs

- Repair of window air conditioners
- Changing of air filters
- Repair of compressors
- Maintenance checks on all HVAC equipment
- Maintenance and repair of autoclaves
- Maintenance and repair of fume hoods
- Maintenance and repair of coolers, freezers, and ice machines

L. Other Mechanical Systems and Repairs

- Elevator maintenance
- Elevator inspections
- Boiler inspections
- Sprinkler system inspections and repairs
- Fire alarm system inspections and repairs
- Steam Plant inspections, tests, and operating fees
- Repair and maintenance of gutters and downspouts

M. Routine Grounds Maintenance

- Grass cutting
- Leaf raking and pick up
- Litter removal
- Weeding and edging
- Planting and removal of perennials
- Planting and removal of annuals
- Shrub and tree pruning
- Removal of fallen or dead trees
- Erosion control activities
- Landscape maintenance (trees, shrubs, flowers, walks, benches, trashcans, etc.)
- Patching of pot holes
- Re-paving of existing campus owned streets and parking lots

N. Personnel Costs

- Custodial personnel assigned to building
- Maintenance personnel assigned to building

O. Administrative Overhead

P. Training

Q. Communications Equipment and Service Fees

R. Vehicle Operations and Maintenance

S. Support for Special Events such as Football Games, Basketball Games, and Concerts

T. Transfer and Hauling Services

U. Purchase of Tools and Repair Equipment

V. Equipment Rentals