

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

1

HOUSE BILL 1003

Short Title: Capital Planning & Budgeting Act.

(Public)

Sponsors: Representatives Russell; and McComas.

Referred to: Appropriations.

April 17, 1997

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH A COMPREHENSIVE PROCESS FOR CAPITAL
IMPROVEMENT PLANNING AND BUDGETING.

The General Assembly of North Carolina enacts:

Section 1. Chapter 143 of the General Statutes is amended by adding a new
Article to read:

“ARTICLE 1A.

“Capital Improvement Planning and Budgeting Act.

“§ 143-34.8. Definitions.

The following definitions apply in this Article:

(1) Capital improvement. – The term includes land acquisition, new construction, or rehabilitation of existing facilities, and repairs and renovations.

(2) State agency. – The term includes the Board of Governors of The University of North Carolina.

“§ 143-34.8A. Legislative intent; purpose.

(a) The General Assembly recognizes the need to establish a comprehensive process for capital improvement planning that is fully integrated with State financial planning and debt management.

1 (b) The capital improvement planning and budgeting process shall include the
2 following elements:

- 3 (1) An inventory of facilities owned by State agencies.
- 4 (2) Explicit criteria used to evaluate capital improvement needs.
- 5 (3) A six-year capital improvement needs inventory.
- 6 (4) A six-year capital improvement plan.
- 7 (5) A two-year capital improvement budget.

8 (c) The Office of State Budget and Management has responsibility for
9 management of the capital improvement planning and budgeting process. The Director
10 of the Budget may assign to any State agency or institution, such duties and
11 responsibilities as may in the Director's judgment be necessary to the successful
12 administration of the capital improvement planning and budgeting process.

13 **"§ 143-34.8B. Capital improvement facilities inventory.**

14 The Department of Administration shall develop and maintain an automated inventory
15 of all facilities owned by State agencies pursuant to G.S. 143-341(4). The inventory shall
16 include the location, occupying agency, ownership, size, description, condition
17 assessment, maintenance record, parking and employee facilities and other information to
18 determine maintenance needs and prepare life-cycle cost evaluations of each facility
19 listed in the inventory. The Department of Administration shall update and publish the
20 inventory at least once every three years. The Department shall also record in the
21 inventory acquisitions of new facilities and significant changes in existing facilities as
22 they occur.

23 **"§ 143-34.8C. Capital improvement needs criteria.**

24 The Office of State Budget and Management shall develop a weighted list of factors
25 that may be used to evaluate the need for capital improvement projects. The list shall
26 include all of the following:

- 27 (1) Preservation of existing facilities.
- 28 (2) Health and safety considerations.
- 29 (3) Operational efficiencies.
- 30 (4) Increased demand for governmental services.

31 **"§ 143-34.8D. Agency capital improvement needs estimates.**

32 (a) On or before September 1 of each even-numbered year, each State agency shall
33 submit to the Office of State Budget and Management and to the Division of Fiscal
34 Research a six-year capital improvement needs estimate. This estimate shall describe the
35 agency's anticipated capital needs for each year of the six-year planning period. Capital
36 improvement needs estimates shall be shown in two parts.

37 (b) The first part of the capital improvement needs estimates shall include only
38 requirements for repairs and renovations necessary to maintain the existing use of
39 existing facilities. Each proposed repair and renovation expenditure shall be justified by
40 reference to the Facilities Condition Assessment Program operated by the Office of State
41 Construction.

42 (c) The second part of the capital improvement needs estimates shall include only
43 proposals for land acquisition and projects involving either construction of new facilities

1 or rehabilitation of existing facilities to accommodate uses for which the existing
2 facilities were not originally designed. Each project included in this part shall be justified
3 by reference to the needs evaluation criteria established by the Office of State Budget and
4 Management pursuant to G.S. 143-34.8C.

5 **"§ 143-34.8E. Six-year capital improvement plan.**

6 (a) The State capital improvement plan shall address the long-term capital
7 improvement needs of all State government agencies and shall incorporate all capital
8 projects, however financed, proposed to meet those needs, except that transportation
9 infrastructure projects shall be excluded. On or before December 31 of each even-
10 numbered year, the Director of the Budget shall prepare and transmit to the General
11 Assembly a six-year capital improvement plan. When preparing the plan, the Director of
12 the Budget shall consider the capital improvement needs estimates submitted by State
13 agencies as required in G.S. 143-34.8D. The plan shall be prepared in two parts.

14 (b) The first part of the capital improvement plan shall set forth repair and
15 renovations requirements that, in the judgment of the Director of the Budget, must be met
16 to protect and preserve existing capital improvement facilities. General Fund expenditure
17 levels anticipated in this part of the plan shall be consistent with the formula establishing
18 the repair and renovation reserve in G.S. 143-15.3A.

19 (c) The second part of the capital improvement plan shall set forth an integrated
20 schedule for land acquisition, new construction, or rehabilitation of existing facilities that,
21 in the judgment of the Director of the Budget, should be initiated within each year of the
22 six-year planning period. The plan shall contain an estimated schedule for each project,
23 along with estimates of planning, design, and construction cost. General Fund
24 expenditure levels anticipated in this part of the plan shall approximate two percent (2%)
25 of General Fund tax revenues for each year of the planning period.

26 **"§ 143-34.8F. Biennial capital improvement budget.**

27 (a) The Director of the Budget shall submit to the General Assembly a biennial
28 capital improvement budget as a separate component of the budget report required by
29 G.S. 143-11. Except as provided by G.S. 116-11, the capital improvement budget shall
30 set forth a complete description of those land acquisitions, new construction projects, and
31 reconstruction projects recommended for funding during each year of the succeeding
32 biennium. The capital improvement budget shall also contain the following information:

- 33 (1) For each project recommended, a justification for funding based upon
34 the capital needs criteria set forth in G.S. 143-34.8C.
- 35 (2) For each project recommended, a detailed account of planning, design,
36 and construction costs.
- 37 (3) For each new construction project, complete life-cycle cost information.
- 38 (4) For each new construction project, the estimated impact on agency
39 operating budgets.

40 (b) To the extent that projects recommended for funding in the biennial capital
41 improvements budget differ from those identified and scheduled in the first two years of
42 the six-year capital improvement plan established in G.S. 143-34.8E, the reasons for that
43 variance shall be explained."

1 Section 2. This act is effective when it becomes law.