

## Chapter 3

# Budget Request Content

Information required from agencies for budget requests are required by law and by the Office of Financial Management for budget analysis purposes. The information provided should support the budget request by explaining the problem, opportunity, or program requirement being addressed; why the problem or opportunity exists; alternatives for addressing it; and the rationale for choosing the preferred alternative.

**Prioritize projects.** Agencies must prioritize each capital project in the ten-year capital plan by need and contribution to the goals, objectives, strategies, and activities in the agency’s strategic plan.

## 3.1 TEN-YEAR VIEW (CBS 001)

---

The State Budgeting, Accounting, and Reporting System Act ([Chapter 43.88 RCW](#)) mandates a long-range approach to capital budget planning. It requires state agencies to submit a plan of proposed capital spending for a ten-year period, starting with the ensuing biennium. This long-range planning is designed to identify future needs and propose capital projects to address those needs. The ten-year capital plan must support the agency’s mission and the goals and objectives of its strategic plan.

The Ten-Year Capital Program Summary report (CBS 001) from CBS provides a summary of the agency’s projects in priority order. The ten-year planning process recognizes that major capital projects span several biennia from start to finish. In the ten-year plan, project information must include estimates for present and future operating and maintenance costs, including any debt service that must be paid from a dedicated account.

## 3.2 PROJECTS (CBS 002)

---

### Projects – Detail

**Project titles and numbers.** Once established in the budget, the project title and number must not be changed during the life of the project. Project numbers are automatically generated in CBS and serve as the unique identifier of a project. The project number is used for project monitoring and comparisons throughout the life of the project. If the agency requests a reappropriation or new appropriation for an existing project, the agency should copy the project title in CBS for subsequent biennia.

**Project class.** Capital projects are identified as preservation, program, grant, or loan projects.

- **Preservation.** Preservation projects maintain, preserve, and extend the life of existing state facilities and assets and do not significantly change the facility to address current or anticipated program changes. Examples include renovating building systems, upgrading utility systems, and making other significant repairs.
- **Program.** Program projects primarily achieve a programmatic goal, such as changing or improving an existing space to meet program requirements or creating a new facility or asset through construction, lease, or purchase. This category includes projects ranging from building new facilities to significant renovation of existing facilities. Programmatic projects may also improve conditions, accommodate changes in services or clientele, or increase or maintain federal reimbursement.
- **Grant and loan programs.** Some grants and loans are authorized directly in the capital budget bill to be passed through to state, tribal, and local or community organizations for various purposes, while other grants and loans are authorized through competitively-awarded statutory programs. Statutory grant programs must submit ten-year capital budget requests within the limits specified by

statute. Agencies whose grant programs have no specified appropriation limits should submit requests based on a demonstrated need and reasonableness for the pending biennium and on a historical biennial appropriation history for the remaining four biennia.

**Starting year.** Identifies the year an agency intends to start the proposed project or expenditures for specific purposes.

**Agency summary.** This is also known as the project summary or Recsum text. Provide a brief, clear and concise description of the project, including the problem or opportunity and how the proposed project addresses it.

**Project description.** Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

1. Identify the problem or opportunity addressed. Why is the request a priority? (Provide numbers of people or communities not served, students without classroom space, operating budget savings, public safety improvements, history, or other backup necessary to understand the need for the request.) Be prepared to provide detailed cost backup.
2. What will the request produce or construct (i.e., design of a building, construction of additional space, etc.)? When will the project start and be completed? Identify whether the project can be phased, and if so, which phase is included in the request.
3. How would the request address the problem or opportunity identified in question #1? What would be the result of not taking action?
4. Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc. Be prepared to provide detailed cost backup.
5. Does this request include funding for any IT-related costs? (See the IT Appendix for guidance on what is considered an IT-related cost.)

[If yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup.]

6. Will non-state funds be used to complete the project? How much, what fund source, and could the request result in matching federal, state, local, or private funds?
7. Describe how this project supports the agency's strategic master plan, contributes to statewide goals, or would enable the agency to perform better. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.
8. If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 14.4 (Puget Sound recovery) in the [2017-19 Operating Budget Instructions](#).
9. Is there additional information you would like decision makers to know when evaluating this request?

## Projects – Additional information

Prior to capital budget submittal, agencies should make early contact with affected local governments and review their project lists against local plans and ordinances to ensure consistency with local growth management plans. Agencies must submit verification that a project is consistent with the provisions set forth in the state Growth Management Act ([Chapter 36.70A RCW](#)).

## Projects – Subprojects

If a project includes subprojects (for example, minor works or grants or loans), complete the agency summary and project description for the parent project and each subproject. DO NOT enter “See parent project” in the agency summary and project description.

If a project list is developed after the release of the Governor’s budget, agencies are required to resubmit the project to include subprojects.

Pursuant to [RCW 70.235.070](#), when distributing capital funds through competitive programs for infrastructure and economic development projects, all agencies must consider whether the entity receiving the funds has adopted policies to reduce greenhouse gas emissions.

## Projects – Funding

Provide a reasonable cost estimate of the project and the fund source for the ensuing biennium and future needs. The funding request must be consistent with the CBS Cost Estimate (CBS 003) associated with the project or C-100. When a project has subprojects, funding information is required at a subproject level.

The Ten-Year Capital Program Summary report (CBS 001) is populated by the information provided for the ensuing biennium and future biennia.

## Projects – Operating impacts

Decision packages must identify associated operational costs, including but not limited to the following:

- **Alternatively financed projects.** Agencies proposing that a project or program will be funded through lease/purchase or other financing contracts must estimate the lease or debt service costs associated with the funding method.
- **New facility costs.** If the construction of a major project will be completed and operational during the 2017-19 biennium, the agency also must submit a decision package in its operating budget request that reflects the operating budget impacts during that biennium. Impacts may include moving costs, other one-time costs, and new ongoing costs associated with the capital project. Provide the activity number of the decision package in the operating budget request in the Narrative box.
- **Property acquisitions.** If an acquisition includes construction of new facilities, provide an estimate of future operating costs of the completed facility.
- **Habitat and recreation land acquisitions.** Agencies proposing the acquisition of land or capital improvement of land for which the primary purpose is recreation or wildlife habitat conservation must identify the projected operation and maintenance costs for at least the two biennia succeeding the next biennium, including the source of funds from which these costs are proposed to be funded [RCW 43.88.030\(5\)\(p\)](#).

Operation and maintenance information for multiple acquisitions within one request or within a minor works list must be submitted at the subproject level.

Submit an operating budget decision package if the associated operation and maintenance costs of the acquisition impact the 2017-19 operating budget. Contact your assigned [OFM operating budget analyst](#) for details.

When requesting funding for recreation or wildlife habitat land acquisition through the Recreation and Conservation Office (RCO), submit estimates of the operation and maintenance costs to RCO. (See Chapter 6.3 for RCO contact information.)

## Projects – Cost estimates (information also included in C-100 Excel spreadsheet)

See Chapter 3.4.

## Projects – Attachments

Agencies must attach the following documentation in CBS:

- **The C-100** (Excel cost estimating form) at <http://www.ofm.wa.gov/budget/forms.asp>.
- **Documentation from DAHP and GOIA.** In accordance with [Executive Order 05-05](#), agencies must consult with the Department of Archaeology and Historic Preservation (DAHP) and the Governor’s Office of Indian Affairs (GOIA) on all capital construction projects and land acquisitions for the purpose of a capital construction project before they are considered for funding. Agencies must attach a letter from DAHP confirming that the proposed capital project was reviewed. (Some agencies may have an exemption from this requirement from DAHP.) If the request is a grant that contains multiple subprojects, ensure that this requirement is contained in the application process or the contract. (See Chapter 6.3 for DAHP contact information.)
- **Expected use of bond/COP proceeds.** The Office of the State Treasurer (OST) asks agencies to complete the [Expected Use of Bond/COP Proceeds](#) form for projects expected to be funded by bonds or certificates of participation (Chapter 4). This will help determine whether IRS regulations will require taxable financing rather than tax-exempt financing.
- **Pictures (optional).**
- **Other documentation that may inform decision makers.**

## 3.3 REAPPROPRIATIONS (CBS 002)

---

For a project that requires more than one biennium to complete and for which an unexpended balance is anticipated at the end of the biennium, an agency must request that funds be carried forward (reappropriated) to the next biennium. Reappropriations are not automatic. Agencies must demonstrate that funds are needed to complete the previously approved scope of work. The reappropriation request must not exceed the remaining expenditure authority amount. Reappropriations must retain the same project title, number, and description as the original appropriation.

Minor works and preservation projects are considered small and should be completed in the biennium in which they are appropriated.

OFM and the Legislature may request periodic updates of actual expenditures as they develop their budgets.

### **3.4 COST ESTIMATES (CBS 003)**

---

Agencies must conduct due diligence analyzing and submitting their project cost estimates in the standard format required for capital project budget requests to OFM.

For projects between \$1 million and \$5 million, agencies must provide cost estimates by completing and attaching CBS 003 or the Excel C-100. (The C-100 cost estimator in Excel aligns with the estimating tool in CBS 003.) However, for projects greater than \$5 million, agencies are required by RCW 43.88.030(5)(i) to complete the C-100 form.

A cost estimate also may be submitted for the collection of minor works projects (projects less than \$1 million or \$2 million for higher education institutions). Submit separate requests and estimates for minor works preservation and minor works programmatic.

See Chapter 4.2 for allowable and non-allowable use of tax-exempt bond proceeds.

### **3.5 CAPITAL FTEs (CBS 004)**

---

Agencies must provide a summary of capital full-time equivalent (FTE) staff necessary for and related to the capital project or program. The summary includes:

- Staff and expenditures budgeted for capital projects in the 2017-19 biennium.
- Proposed staff and expenditures for the 2019-21 biennium.
- Narrative describing the role of proposed FTEs and an explanation for any changes from the 2015-17 biennium.
- Account and level of anticipated expenditures for the FTEs.

See Chapter 4.2 for the appropriate use of tax-exempt bond proceeds related to staffing costs.