

Utah State Building Board

Capital Improvement Policy

Capital Improvements are defined in statute as a category of capital projects that are eligible for funding from an appropriation for capital improvements made annually to the Division of Facilities Construction and Management (DFCM). These funds are allocated to projects by the Building Board although the Legislature reserves the right to designate projects to be funded. The statutory definition contained in subsection **63A-5-104(1)(b)** reads:

- (b) “Capital Improvement” means any:
 - (i) Remodeling, alteration, replacement or repair project with a total cost of less than \$2,500,000.
 - (ii) Site and utility improvements with a total cost of less than \$2,500,000; or
 - (iii) New facility with a total construction cost of less than \$500,000.

Guidelines

In order to clarify what types of projects may be funded as capital improvements, the Building Board has established the following eligibility guidelines for capital improvement funding.

1. Substantial repairs to campus/building infrastructure and building systems/components beyond those addressed through normal operations and maintenance.
2. Renovation necessary to bring a facility up to current building codes and state construction standards or to bring building systems up to current technology.
3. Projects that improve functionality, energy efficiency or space utilization.
4. Modifications to address a change of use or new program requirements.
5. Site improvements such as construction or substantial repairs of utility tunnels, water and sewer lines, gas and electric lines, lighting, walkways, etc.
6. Repairs, replacement and preventive maintenance to roofs, parking lots and roads.
7. Telecommunication wiring. Central equipment such as switches may be considered depending on the circumstances of the requesting agency or institution.
8. New space costing less than \$500,000. The justification for new space must demonstrate (a) that the new space will significantly improve the function of a building/campus, or (b) that the new space will prolong an agency’s ability to use/occupy a building instead of requesting a larger building. Note: new space costing more than \$500,000 must be treated as a capital development project.
9. Existing buildings that have reached the end of their useful life (dilapidated) may be demolished and replaced as long as the cost is less than \$2,500,000.
10. Studies, facility assessments, master planning, testing, etc. to identify and determine the need for future capital improvement projects.

11. Agencies and institutions may choose to use other funds to take care of projects that would otherwise be eligible for capital improvement funding.
12. Project priorities identified by DFCM's Facility Condition Assessment program will be given strong consideration in the allocation of capital improvement funds.
13. The purchase, repair and replacement of movable furnishings and equipment are NOT eligible for capital improvement funding.
14. Operations and maintenance items are NOT eligible for capital improvement funding. Projects under \$10,000 are considered maintenance items. (This amount may be adjusted by DFCM based on increases in the cost of construction).
15. Facilities not owned by the state and/or Leased facilities are NOT eligible for capital improvement funding.
16. As a general rule, facilities or portions of facilities utilized by auxiliary enterprises are NOT eligible for capital improvement funding. Exceptions may be considered for critical improvement needs for which no other funding mechanism is available. Auxiliary enterprises are defined as enterprises that are intended to be self-supporting through the charging of fees for goods and services. Examples include student housing, food services and bookstores in higher education.
17. Facilities acquired or constructed under the exemption from Legislative approval and/or DFCM oversight provided for in subsections 63A-5-104(3)(b) or 63A-5-206(5) are NOT eligible for capital improvement funds.

Hierarchy of Capital Improvement Projects

The following hierarchy ranks the Building Board's preference for the allocation of capital improvement funds. As a general rule, projects from lower ranked categories should not be funded ahead of projects in higher ranked categories. Capital improvement funds are intended to take care of existing buildings and existing infrastructure. Overall, approximately 80% of the capital improvement project requests should come from the highest priority projects listed in DFCM's Condition Assessment reports. The balance of the projects requests (20%) may come from needs identified by agencies and institutions.

1. Projects addressing structural issues, fire safety, code violations and other "life safety" related needs;
2. Projects upgrading HVAC systems; electrical systems; essential building equipment and components; infrastructure such as utility tunnels, water/gas/sewer lines, roof repairs/replacements, parking lots and road repairs, etc.;
3. Demolition and replacement of existing buildings that are worn-out and dilapidated and not worth spending additional funds for repairs and maintenance;
4. Remodeling and aesthetic upgrades to meet agency/institution programmatic needs;
5. The addition of new space – unless justification demonstrates project is higher priority.