

June 12, 2024

Capital Budget Forum



Office of Financial Management

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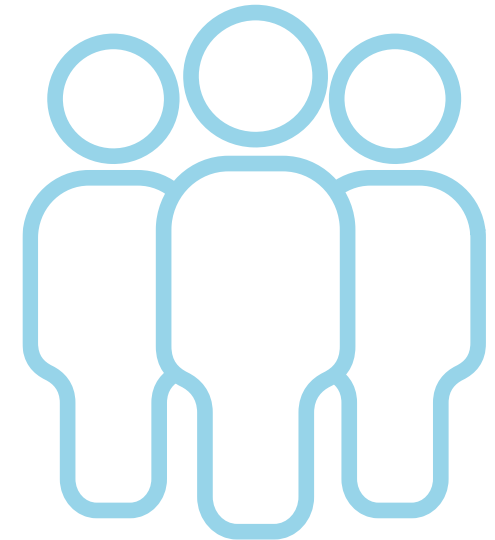
Agenda

- Introductions of OFM team
- 2025-27 biennial capital budget overview
- Updated budget instructions document
- C-100 and updated architect and engineer fees
- Higher education scoring
- Reappropriations
- Federal funding and direct pay
- Expectations for decision packages
- Q&A



Introductions of OFM team

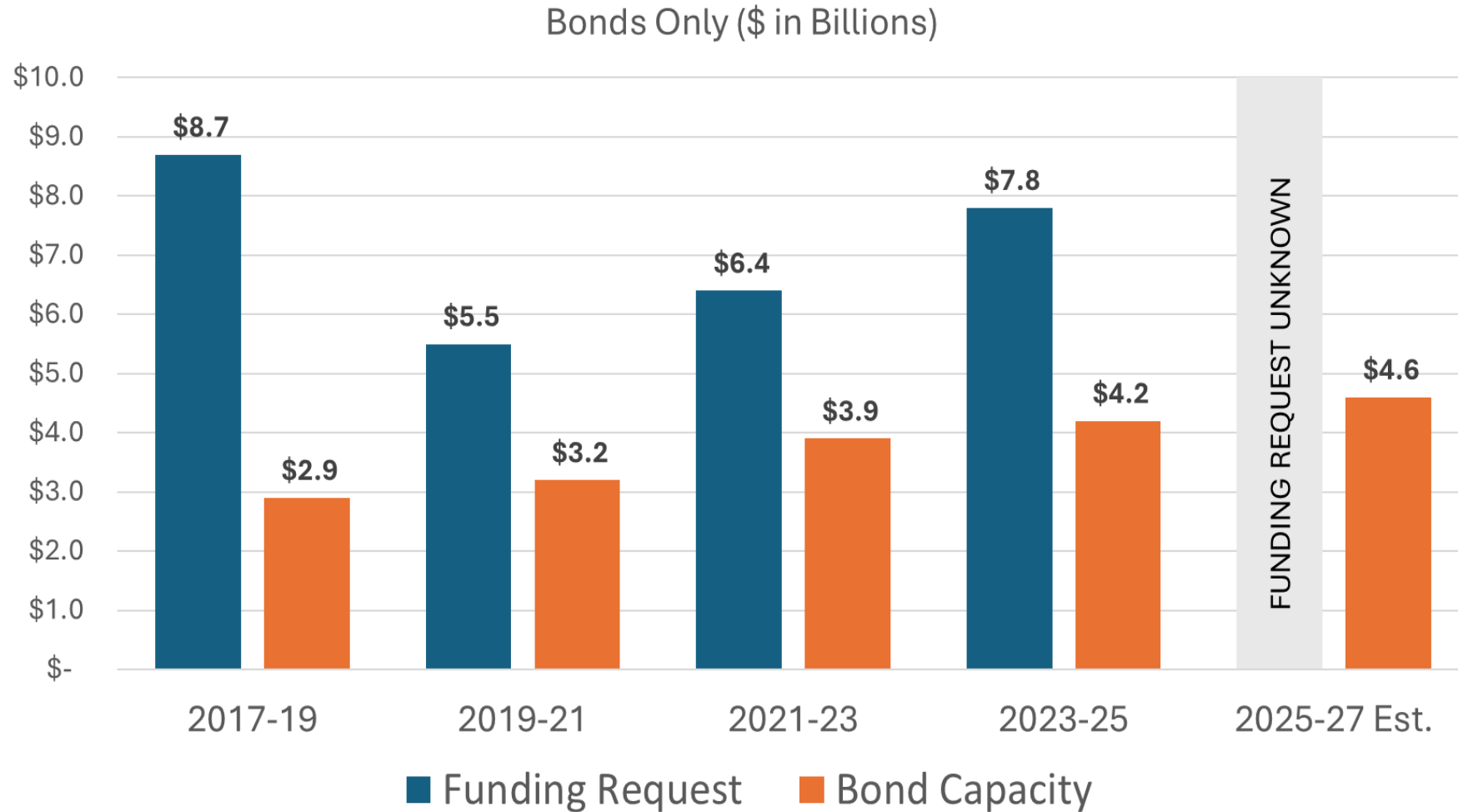
- Nona Snell, Budget Director
- Jen Masterson, Senior Budget Advisor
- Myra Baldini, Capital Budget Advisor
- Seth Nickerson, Capital Budget Advisor
- Kelsey Rote, Capital Budget Advisor
- Shelly Willhoite, Capital Budget Advisor
- Nathan Sherrard, Legal Counsel
- Denise Nguyen, Federal Funds Coordinator



2025-27 capital budget overview

- Anticipated bond capacity: \$4.6 billion (Feb. 2024 forecast)
- Potential impacts that may constrain the capital budget:
 - Around the same size as last biennium but reduced purchasing power due to inflation
 - Fiscal impact of new laws and requirements
- Agency budget requests are due September 10

2025-27 capital budget overview



Updated budget instructions document

Budget Instructions, Part 2

Capital

Higher Education Capital Project Evaluation

Predesign Manual

Architect and Engineer Fee Guidelines and
Fee Schedule

2025-27 Biennium

June 2024

Office of Financial Management
Budget Division

Architect and Engineering Fees (A/E fee schedule)

- Construction Cost Assessment Study was completed
- Architect and engineering guidelines and fee schedule updated
 - Updated the Engineering News Record (ENR) formula - impacts A/E fee schedule
 - Basic services and additional services
 - Intend to form a workgroup

Budget instructions highlights: C-100

- Updated escalation factor
- New procurement approach drop down
- A/E fee schedule updated in formulas
- C-100 and cost estimate reminders
 - Do NOT use the CBS Cost Estimate Report (CBS 003)
 - C-100 required for all construction projects over \$1.5 million and \$2 million for higher ed (acquisition, predesign, design, or construction)
 - C-100 NOT required:
 - Minor works subprojects
 - Projects that will not start until budget out-years (2029-31 and after)

Budget instructions highlights: C-100

STATE OF WASHINGTON			
AGENCY / INSTITUTION PROJECT COST SUMMARY			
Updated June 2024			
4	Agency		
5	Project Name		
6	OFM Project Number		
Contact Information			
9	Name		
10	Phone Number		
11	Email		
Statistics			
14	Gross Square Feet		MACC per Gross Square Foot
15	Usable Square Feet		Escalated MACC per Gross Square Foot
16	Alt Gross Unit of Measure		
17	Space Efficiency		A/E Fee Class
18	Construction Type	Courthouses	A/E Fee Percentage
19	Remodel		Projected Life of Asset (Years)
17			A
18			19.51%
Additional Project Details			
21	Procurement Approach	GCCM	Art Requirement Applies
22	Inflation Rate	DBB	Higher Ed Institution
23	Sales Tax Rate %	DB-Criteria	Location Used for Tax Rate
24	Contingency Rate	DB-Bridging	
25	Base Month (Estimate Date)	DB-Progressive	OFM UFI# (from FPMT, if available)
26	Project Administered By	GCCM	

Budget instructions highlights: Higher education scoring

- Higher ed scoring paused for 2025-27
- For scoring-eligible projects, submit excel file with your DP for that project in September

Capital forms

2025-27 biennium budget forms

- [Direct pay form](#) - April 2024 (Excel)
- [Cost estimating form C-100](#) - 2024 (Excel)

Note: This form has limited functionality when opened with Excel 2007 or earlier versions.

- [Higher education combined forms](#) (Excel)
- [Current and projected leased facility costs](#) (Excel)
- [Expected use of bond/COP proceeds](#) (Word)
- [Major project status report](#) (Excel)

Budget instructions highlights: Reappropriations

- Use the most current enacted version in CBS - not the original agency request version from the previous biennium
- Only populate answers to the “reappropriation” questions in CBS if the project was originally funded prior to the 2021-23 biennium
- Do not enter a priority for reappropriation requests. Include reappropriations in the PDF E-binder
- New process to calculate reappropriations based on actual expenditures and future allotted amounts
 - Requires accurate account for capital expenditures and allotments
 - Future goal – no longer request reappropriations in CBS

Budget instructions highlights: Federal funds - direct pay

- Apply for federal Infrastructure Investment and Jobs Act (IIJA) grants and other grants as they become available
 - Request federal expenditure authority and any associated state match as part of the biennial budget process.
- Direct Pay is a “tax credit” for clean energy technologies
 - Tax-exempt and governmental entities that do not owe Federal income taxes may receive a payment equal to the full value of tax credits for building qualifying clean energy projects or making qualifying investments
 - OFM is required to report on qualifying projects and complete the steps necessary to file an annual tax return for 2023 and 2024
 - Agencies must identify capital projects that may qualify for direct pay with budget submittals in CBS
 - Contact info: Denise.Nguyen@ofm.wa.gov, 360-870-6182

Expectations for decision packages

- Complete information about what problem is solved and what the decision package is buying
- Include replicable data to back up requests
- Include scalable options if possible
- Collaborate internally and across agencies
- Clean building standards
 - Compliance pathway
 - Energy audit, building-level metering, energy benchmarking
- For major capital projects, include associated operating budget requests. Examples:
 - Furniture, fixtures, equipment (FF&E), and other operating impacts (FTEs, ongoing operations and maintenance)

Questions?

