

BUDGET LETTER

NUMBER: 16-26	
SUBJECT: ADDITIONAL INFORMATION FOR CAPITAL OUTLAY BUDGET PROPOSALS, FIVE-YEAR INFRASTRUCTURE PLANS, AND DEFERRED MAINTENANCE SUBMISSIONS FOR 2017-18	DATE ISSUED: August 23, 2016
REFERENCES: STATE ADMINISTRATIVE MANUAL SEC 6821, ET. SEQ. AND AB 1473 (CHAPTER 606, STATUTES OF 1999), AND BL 16-10	SUPERSEDES: BL 15-17

TO: Agency Secretaries
Department Directors
Department Budget and Accounting Officers
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

NOTE: Budget Officers are requested to forward a copy of this Budget Letter to the Department's Facilities Manager as well as program personnel with capital outlay infrastructure needs.

Deadlines and Deliverables	
August 3, 2016	Five-Year Infrastructure Plans, Major and Minor Capital Outlay Budget Change Proposals (COBCP), and Capital Outlay Concept Papers (COCP) for 2017-18, due to the Department of Finance (Finance) capital outlay budget analyst.
October 3, 2016	Deferred Maintenance information due to the Finance capital outlay budget analyst.

This Budget Letter (BL) provides detailed instructions and due dates for submitting Five-Year Infrastructure Plans, Major and Minor COBCPs, COCPs, and deferred maintenance information.

As a reminder, Five-Year Infrastructure Plans, Major and Minor COBCPs, and COCPs were due by **August 3, 2016**, as indicated in BL 16-10. Deferred maintenance information is due by **October 3, 2016**. Any state agency with capital outlay needs in 2017-18 through 2021-22 must submit a Five-Year Infrastructure Plan, including the necessary COBCPs and/or COCPs as detailed in this BL.

Confidentiality: Until release of the Governor's Budget, please remember that all information contained in the approved budget documents used during the Governor's Budget development process is strictly confidential.

1. Updated Information for 2017-18 Five-Year Infrastructure Plans, COBCPs, and COCPs.

A. Five-Year Infrastructure Plans:

The Governor is required to annually submit a Five-Year Infrastructure Plan in conjunction with the Governor's Budget. The 2016-17 Infrastructure Plan evaluated the state's infrastructure needs in the overall context of available funding sources, what the state could afford, and how the state could grow in the most sustainable way possible. The 2016-17 Infrastructure Plan focused the

limited available resources on core state responsibilities. The 2017-18 Infrastructure Plan will update the 2016-17 Infrastructure Plan keeping the same principles in mind.

- B.** The 2016-17 Infrastructure Plan can be found at the following link:
<http://www.ebudget.ca.gov/2016-Infrastructure-Plan.pdf>.

C. REMINDER—Executive Order (EO) B-30-15:

In April 2015, the Governor issued EO B-30-15, establishing the most ambitious greenhouse gas reduction target in North America and specifying comprehensive steps for consideration of climate impacts. The EO requires all state agencies to consider the impacts of climate change in all planning and investment activities, including capital outlay projects.

This year, the Strategic Growth Council is requesting information about how departments will integrate climate adaptation strategies into planning their infrastructure projects. The survey results will be used to inform the development of future guidance for incorporating climate adaptation and resilience into infrastructure planning. The Sustainability and Adaptation Questionnaire must be completed for new project requests for standalone buildings (on existing and/or new sites) proposed for funding in 2017-18. If no new project requests for standalone buildings are being proposed for funding in 2017-18, departments may complete this questionnaire for one alternate project (e.g., a renovation project or infrastructure upgrades, etc.) proposed for funding in 2017-18. The Sustainability and Adaptation Questionnaire can be found at the following link: <https://www.surveymonkey.com/r/2017-18-Adaptation>. Questions related to this survey should be directed to:

Elizabeth Grassi, Sustainable Communities and Climate Adaptation
Strategic Growth Council
Governor's Office of Planning and Research
1400 Tenth Street, Room 106
Sacramento, CA 95814
(916) 327-5362
Elizabeth.Grassi@sgc.ca.gov

D. UPDATE – Additional information for Capital Outlay Budget Requests:

As a reminder, state agencies requesting new or expanded facilities must clearly demonstrate how existing facilities do not meet programmatic needs and keep in mind the Administration's desire to fund critical core state infrastructure within limited available resources. Consistent with past practice, COBCP submissions for 2017-18 should be for (a) existing or ongoing capital outlay projects, or (b) new capital outlay projects, if critical, such as fire/life/safety, or court ordered projects.

• **Documents Required to Request Capital Outlay Funds:**

- ✓ For ALL proposals: COBCPs, COCPs, and FIWs must be submitted electronically as Word documents or Excel spreadsheets to the appropriate Finance capital outlay budget analyst.
- ✓ New electronic versions of these forms have been posted online, and can be found on the following page: http://www.dof.ca.gov/budget/Resources_for_Departments/Budget_Forms.
- ✓ The new version of these budget forms are required for all future capital outlay budget requests. Please work with the appropriate Finance capital outlay budget analyst for additional information related to future requests.

- ✓ All documents submitted to Finance must also be provided in hard copy.

2. Deferred Maintenance:

Since 2014, the Five-Year Infrastructure Plan has highlighted the state's deferred maintenance needs that are traditionally funded as part of a department's operations budget. The 2016 Infrastructure Plan estimated the statewide deferred maintenance need to be more than \$77 billion and proposed significant funding towards this need. The 2016 Budget Act provided \$688 million of funding for deferred maintenance, including \$503 million through Control Section 6.10. The 2017-18 Infrastructure Plan will update the deferred maintenance need.

Departments are required to provide a detailed list of their updated identified deferred maintenance need, if one exists, to their Finance capital outlay budget analyst by **October 3, 2016**. The list should include the following information: department name, project location, project title/description, and estimated project cost. To the extent possible, the projects should be in priority order. This information should be submitted as an Excel file using the Deferred Maintenance Project List template, can be found on the following page:

http://www.dof.ca.gov/budget/Resources_for_Departments/Budget_Forms.

Please note that the identified deferred maintenance needs of each department must be reviewed and approved by their respective agencies prior to submittal to Finance.

If you have any questions, please contact your Finance capital outlay budget analyst at (916) 445-9694.

/s/ Karen Finn

Karen Finn
Program Budget Manager