

BUDGET LETTER

SUBJECT: CAPITAL OUTLAY BUDGET PROPOSALS, FIVE YEAR INFRASTRUCTURE PLANS, CONCEPT PAPERS, AND DEFERRED MAINTENANCE SUBMISSIONS FOR 2024-25	NUMBER: 23-16
REFERENCES: STATE ADMINISTRATIVE MANUAL SEC 6821, ET. SEQ. AND AB 1473 (CHAPTER 606, STATUTES OF 1999), BL 23-05, AND BL 23-14	DATE ISSUED: July 28, 2023
	SUPERSEDES: BL 22-12

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 their facilities manager as well as program personnel with capital outlay infrastructure needs.

Deadlines and Deliverables	
July 31, 2023	Five-Year Infrastructure Plans, Major and Minor Capital Outlay Budget Change Proposals (COBCP), and Capital Outlay Concept Papers (COCP) for 2024-25 are due to the Finance capital outlay budget analyst.
September 1, 2023	Deferred Maintenance information due to the Finance capital outlay and support budget analysts.

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, [BL 23-05](#) sets forth Finance's guidelines for preparation of the proposed 2024-25 Governor's Budget and [BL 23-14](#) sets forth Finance's policy and priorities for the proposed 2024-25 Governor's Budget.

Five-Year Infrastructure Plans, Major and Minor COBCPs, and COCPs are due by Monday, July 31, 2023, and deferred maintenance information is due by **Friday, September 1, 2023**. Any state agency with capital outlay needs in 2024-25 through 2028-29 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, all information contained in budget documents used during the Governor's Budget development process is strictly confidential. All Five-Year Infrastructure Plans, COBCPs, and COCPs not released to the Legislature by Finance indefinitely remain working papers subject to the Governor's deliberative process.

1. Submittal of 2024-25 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. Previous Five-Year Infrastructure Plans can be found at the following link: [Historical Five-Year Infrastructure Plans](#).

B. Major and Minor COBCPs and COCPs

- COBCPs and COCPs for all major and minor capital outlay projects proposed for the 2024-25 Governor's Budget and the 2024-25 Five-Year Infrastructure Plan must be submitted to Finance no later than **Monday, July 31, 2023**.
- Consistent with past practice, COBCP submissions for 2024-25 should be for: (a) existing or ongoing capital outlay projects or (b) new capital outlay projects, if critical, such as fire and life safety or court-ordered projects. This criteria applies to all departments, including those not under the Governor's direct authority.
- Departments must provide succinct, well-written, and complete COBCPs. Departments may provide supporting information, and must not rely on providing subsequent back-up material to respond to Finance's inquiries regarding justification for the request. COBCPs that are incomplete by virtue of failing to provide relevant, critical, and substantiating information in the initial submission will likely be returned to departments without analysis at the discretion of Finance.

Departments are encouraged to work with their Finance capital outlay budget analyst to prioritize capital outlay budget requests prior to submitting any proposals. **Requests not meeting the criteria above will not be considered for inclusion in the 2024-25 Governor's Budget.**

Reminders: Appropriations for preliminary plans, working drawings, performance criteria, and minor projects are generally available for encumbrance for one year. Construction appropriations are generally available for encumbrance for up to three years (see Section 1.80 of the 2023 Budget Act for the standard availability periods for all project phases).

• Documents Required to Request Capital Outlay Funds

- ✓ For ALL proposals: COBCPs, COCPs, and Fiscal Impact Worksheets (FIW) must be submitted to the appropriate Finance capital outlay budget analyst by **Monday, July 31, 2023**, as follows:
 1. Electronically, as Word documents and Excel spreadsheets (unsigned).
 2. Electronically, as PDFs with the appropriate signatures.
 3. Through the Department Exchange in Hyperion (for new projects, contact your Finance capital outlay budget analyst for a FI\$Cal capital outlay project ID).
- ✓ Departments must use the current COBCP forms, which are available on the [Budget Forms](#) page of Finance's website.

- ✓ The new ADA-Accessible version of these budget forms are required for all capital outlay budget requests. Please work with your Finance capital outlay budget analyst for additional information.
- ✓ For the COBCP Cover Sheet and Narrative Form ([DF-151](#)), please note the “COBCP Abstract” provides a brief overview of the scope, cost, and schedule of each project. The COBCP Narrative includes sample language for capital outlay projects utilizing the Design-Bid-Build or the Design-Build project procurement methods.
- ✓ For reappropriation requests, the following documents should be submitted: [DF-151](#) COBCPs (cover sheet and sections A and B of the COBCP Narrative only), three-page estimates, and FIWs ([DF-150](#)).

- **When to Prepare a COBCP**

Complete COBCPs are required for all new projects or capitalized leases proposed to be included in the 2024-25 Governor's Budget.

For continuing phases of previously funded projects, departments must submit a complete COBCP and FIW; any changes to the cost or scope of the project must be clearly identified and explained.

- **Requesting Budget Packages**

Budget packages are used to verify feasibility, scope, and costs of projects. Finance may use infrastructure planning funds for budget packages when Finance determines a budget package is desirable for a specific project and funding is not otherwise available. Departments may submit requests to Finance to fund specific budget packages or use departmental support funds to contract with the Department of General Services, Real Estate Services Division, prior to submission of COBCPs. **Regardless of funding source, departments are strongly encouraged to consult with their Finance capital outlay budget analyst on the scope of the budget package.** Completion of a budget package does not guarantee future funding of a project.

- **Agency Review and Distribution**

Five-Year Infrastructure Plans, including COBCPs and COCPs, must be approved by the Agency Secretary, as applicable, **prior to** submission to Finance. After agency approval, electronic copies as PDFs with the appropriate signatures must be submitted to Finance by the due date listed above.

- **Major Capital Outlay Budget Reminders**

- ✓ A capital outlay appropriation is required for the acquisition of real property or any lesser interest in real property (including, but not limited to, capitalized leases, easements, purchase options, and rights-of-way), except as otherwise authorized.

- ✓ All major capital outlay projects are subject to the administrative oversight of the State Public Works Board (PWB) unless specifically exempted. Departments must follow PWB and Finance administrative requirements when implementing projects. Questions on these requirements should be directed to the appropriate Finance capital outlay budget analyst.
- ✓ Funds cannot be transferred between major capital outlay projects, unless specifically authorized in the Budget Act or by other statute.
- **Minor Capital Outlay Budget Reminders**
 - ✓ Minor capital outlay is any project under [\\$929,000](#), which has been specifically budgeted as a minor project and which a department has been authorized to implement directly pursuant to Public Contract Code section 10108.
 - ✓ Natural Resources Agency capital outlay projects up to [\\$1,205,000](#) may be budgeted as minor projects with the concurrence of Finance.
 - ✓ Departments may not "piecemeal" larger projects through several minor projects. This circumvents both the Administration's and Legislature's budget process.
 - ✓ Minor capital outlay projects are included in the Infrastructure Plan as a lump sum for each of the five years.

2. Deferred Maintenance

Departments (with the exception of the Department of Transportation) are required to provide a detailed list of their identified deferred maintenance need, if one exists, to both their Finance capital outlay and support budget analyst by **Friday, September 1, 2023**. The list should include: department name, project location, project title, project 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, which is available on the [Budget Forms](#) page of Finance's website.

Please note that the identified deferred maintenance needs of each department must be reviewed and approved by the respective Agency, as applicable, prior to submittal to Finance.

If you have any questions, please contact your Finance capital outlay budget analyst.

/s/ Matt Almy

Matt Almy
Program Budget Manager