



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT



Employment First State for Individuals with Disabilities

ROY COOPER
GOVERNOR

KRISTIN WALKER
STATE BUDGET DIRECTOR

October 26, 2023

TO: Department Heads and Chief Financial Officers

FROM: Kristin Walker *Kristin Walker*

SUBJECT: FY 2023-24 Repairs and Renovations Requests

S.L. 2023-134, Sec. 40.2 appropriated \$200 million to the Reserve for Repairs and Renovations (R&R) to State Agencies to repair and renovate state General Fund supported facilities. The Office of State Budget and Management (OSBM) is required to allocate \$11,582,178 to specific projects pursuant [Sec. 40.1\(d1\) of S.L. 2023-134](#). There is \$188,417,822 million available for the repair and renovation of state agency facilities. Only projects that meet the requirements of [G.S. 143C-8-13](#) are eligible for funding. Projects that are not eligible include expansion of square footage (beyond mechanical and other engineering requirements), master planning, and reserves.

Furthermore, to implement Executive Order 80, OSBM is targeting \$25 million of the \$188 million mentioned above for projects that reduce energy usage per square foot under G.S. 143C-8-13(7) and G.S. 143-64.12. OSBM and the Department of Environmental Quality's Utility Savings Initiative will coordinate the allocation of these funds.

Agencies are encouraged to utilize R&R monies for projects that substantially increase the useful life of a building or replace a system and not for routine maintenance or small repairs. Agencies should prioritize previously funded R&R projects that require a supplement to be completed before asking for new projects. OSBM is encouraging every agency to use funds available for small repairs and renovations projects under \$100,000 or to group small projects into a more impactful larger project. OSBM will still consider small project requests from agencies on a case-by-case basis and with an explanation as to why other funds are not available.

OSBM will evaluate each agency's request based on a variety of factors. The factors include:

1. Applying a formula to estimate an initial, internal, distribution of funds. This formula includes agency allocated building square footage, condition, value, and age.
2. The current progress of executing past Repairs and Renovations projects.
3. The existence of Repairs and Renovations projects that were funded elsewhere in various appropriations bills. For example, if an agency received several large renovation projects, they may receive less Repairs and Renovations funds from this year's allocation from the Reserve.

4. The availability of non-General Funds to fund Repairs and Renovations projects.
5. Requests that are beyond what can be reasonably funded will not be considered.

OSBM is asking each agency to only request what can reasonably be funded to not overburden the State Construction Office with unnecessary cost estimates. However, OSBM understands that each agency faces a large backlog of repairs and renovations needs. OSBM is asking that each agency submit the summary dollar value total of its Facilities Assessment and Condition Program to accompany the request for specific projects funded under this cycle.

Anticipated Schedule:

Oct. 26, 2023	Distribute R&R Memorandum and R&R forms to Agency Capital Coordinators
Nov. 22, 2023	Deadline for submitting R&R requests to OSBM
Nov. 27 to	
Dec. 15, 2023	OSBM meets individually with Agency Budget Officers about requests
Jan. 3, 2023	OSBM reports to the Fiscal Research Division on recommended allocations
Jan. 3, 2023	R&R funds available to State Agencies

Please have your submission to OSBM by the November 22, 2023 deadline. If you have any questions, contact Mark Bondo, Brian Farmer, and Cole Justad with OSBM at (984) 236-0600.

Thank you.

cc: Anca Grozav, OSBM
Casey Harris Pratt, OSBM
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Michael Shumsky, DOA
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