

# 2010-12 Maintenance Reserve Funding Allocation

Donald D Darr  
Associate Director  
Department of Planning and Budget  
February 11, 2010

## Definition

Maintenance Reserve Subproject. A major repair or replacement to plant, property, or equipment that is intended to extend its useful life. Each subproject usually costs between \$25,000 and \$1.0 million.

A subproject that meets one or more of the following criteria is eligible for maintenance reserve funding:

- Repair or replacement of functionally obsolete, damaged, or inoperable built-in equipment such as elevators, furnaces, plumbing fixtures, air conditioning, and ventilation.
- Repair or replacement of components of a plant, such as exterior wood, masonry, ceilings, floors, floor coverings, doors, windows, roofs, sidewalks, parking lots, fencing, and exterior lighting.
- Repair or replacement of existing utility systems, such as steam lines, natural gas, air, electrical, water, and sewer.
- Correction of problems resulting from erosion and drainage.
- Work related to handicapped access, energy conservation, building and safety codes compliance, lead paint abatement, or asbestos correction.

A subproject that meets one or more of the following criteria is normally not considered maintenance reserve:

- Maintenance contracts to clean, maintain, repair, or protect existing plant, property, or equipment.
- Routine periodic maintenance, such as servicing, adjusting, minor repairs, painting, scraping, cleaning, and spraying of plant or property.
- Repair or replacement of office, motorized, medical, laboratory, electronic, photographic, educational, cultural, computerized, and other specific-use, moveable equipment that is not permanently installed as a part of the plant or property.
- Leak testing and monitoring of underground storage tanks and the removal of underground storage tanks not associated with tank replacement.

## 2010-2012 Maintenance Reserve Allocation

The introduced budget proposed the following allocation to distribute the \$50 million in annual maintenance reserve funding to eligible state agencies and institutions of higher education:

- 50 percent was based on the agency's allocation in Chapter 781.
- 25 percent was based on the agency's share of the statewide unfunded maintenance reserve need.
- 25 percent was based on the deferred maintenance need identified in FICAS, the statewide data repository for the condition of state-owned buildings, which was urgent or must be done within the next 24 months.

# Facility Inventory and Condition Assessment System (FICAS)

FICAS was implemented by APA in 2005. DGS assumed responsibility in 2006.

It stores the Commonwealth's facility inventory and condition assessment data.

Agencies must input the inventory and condition assessment for their facilities.

FICAS can be used to:

- Maintain and analyze data for planning and budgeting of facility maintenance and life cycle needs;
- Assist in evaluating and developing funding options to address the current backlog of deferred maintenance; and,
- Predict funding requirements for future renewal needs.

The Auditor of Public Accounts (APA) in its 2005 report on deferred maintenance stated that an agency's maintenance reserve funding should be determined based on needs identified in FICAS.

Agency 2010-2016 capital budget instructions indicated that to be considered for maintenance reserve funding, the building affected by the request must have all pertinent data loaded into FICAS.

## Facility Inventory and Condition Assessment System (FICAS) [Con't]

In its December 2009 follow-up report on deferred maintenance, the APA:

- Acknowledged DPB for using FICAS data in 2005 to help determine MR funding allocations;
- Credited DPB and General Services for working together to make FICAS an integral part of the capital budgeting process; and,
- Encouraged DPB and General Services to continue their collaborative efforts.

## Previous Maintenance Reserve Allocation Formula

Up until the 2006-2008 biennium, an agency's maintenance reserve allocation was based on information reported in its annual Maintenance Reserve Plan.

- ❖ The Annual Maintenance Reserve Plan is a prioritized listing that shows the status, funding, and updated cost for all **active** maintenance reserve subprojects for an agency. Agencies submit an updated annual plan during the summer months.

The proposed maintenance reserve funding level was apportioned based on the agency's prior maintenance reserve funding and on its current unmet need.

To determine the agency's unmet general fund need, the following methodology was used:

- Total estimated costs of all active, approved GF or tax-supported debt, subprojects
- Less: Amounts already spent on those active subprojects
- Less: Unspent balances of MR previously appropriated to agency but unspent at the end of the fiscal year
- Less: funding appropriated for the next fiscal year.