

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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SENATE BILL 556

Short Title: Capital Improvement Reform. (Public)

Sponsors: Senators Harrington, Tucker, Soucek (Primary Sponsors); Cook and B. Jackson.

Referred to: Rules and Operations of the Senate.

March 30, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO CREATE A SOURCE OF POOLED PLANNING FUNDS FOR STATE
3 CAPITAL IMPROVEMENT PROJECTS; TO GIVE THE JOINT LEGISLATIVE
4 OVERSIGHT COMMITTEE ON GENERAL GOVERNMENT CERTAIN POWERS
5 WITH RESPECT TO OVERSIGHT OF STATE CAPITAL IMPROVEMENTS; AND TO
6 MAKE CHANGES RELATED TO STATE CAPITAL IMPROVEMENTS.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** Article 8 of Chapter 143C of the General Statutes is amended by
9 adding a new section to read:

10 **"§ 143C-8-13. Capital Improvement Planning Fund.**

11 (a) Creation and Purpose. – The Capital Improvement Planning Fund is established as a
12 nonreverting special fund in the Department of Administration. It is the intent of the General
13 Assembly to fund planning of State agency capital improvement projects exclusively through
14 this Fund using the procedures set forth in this section.

15 (b) Use of Funds. – Funds in the Capital Improvement Planning Fund shall be available
16 for expenditure only upon appropriation by the General Assembly and shall be used only for
17 the planning of State capital improvement projects.

18 (c) Procedure for Allocation of Funds. – The Department of Administration shall
19 implement a competitive process for awarding funds from the Capital Improvement Planning
20 Fund and those funds shall be allocated to fund the planning of a State agency capital
21 improvement project only if all of the following conditions are satisfied:

22 (1) The project was included in the budget requests made to the Director of the
23 Budget in accordance with Article 3 of Chapter 143C of the General
24 Statutes.

25 (2) The Department of Administration determines that there is or is likely to be
26 a State need for the project in the future and the need is substantial enough to
27 justify funding the planning of the project over other projects for which
28 planning will not be funded.

29 (3) The Department of Administration determines that all of the following
30 conditions are satisfied:

31 a. The project is justified with respect to the capital improvement needs
32 criteria developed by the Office of State Budget and Management
33 pursuant to G.S. 143C-8-3.

34 b. The project will be planned using a standard, reusable design set by
35 the Department of Administration.



- 1 c. The project will minimize the inclusion of design elements that are
 2 not related to the core function of the project.
 3 d. The estimated total cost of the project is lower than the total cost of
 4 similar facilities or otherwise meets the need of the State agency at
 5 the lowest possible cost to taxpayers.
 6 e. The project will incorporate design elements that have yielded
 7 documented operating cost-savings in similar facilities.
 8 (4) The State agency that requested planning funds agrees to abide by any
 9 limitations on the scope of the planning imposed by the Department of
 10 Administration.
 11 (5) If the allocation of funds to plan a particular project exceeds five million
 12 dollars (\$5,000,000), the Department of Administration consults with the
 13 Joint Legislative Commission on Governmental Operations prior to the
 14 allocation and reports the allocation to the Joint Legislative Oversight
 15 Committee on General Government.
 16 (6) If the allocation of funds to plan a particular project is less than or equal to
 17 five million dollars (\$5,000,000), the allocation is reported to the Joint
 18 Legislative Commission on Governmental Operations within 60 days of the
 19 expenditure or reallocation.
 20 (7) The amount of planning funds allocated for the project does not exceed four
 21 percent (4%) of the estimated total cost to complete the project.
 22 (8) The request for the project is accompanied by an estimate of the operating
 23 costs for the completed facility for the first five and 10 years of its operation.
 24 (9) The agency agrees not to spend any of the funds allocated to it from the
 25 Capital Improvement Planning Fund to seek LEED Certification from the
 26 U.S. Green Building Council.

27 (d) Funding of Planning Does Not Constitute Authority to Complete Full Project. – An
 28 allocation of funds for planning of a project under this section shall not be construed to
 29 authorize completion of any phase of a project beyond the planning phase. The General
 30 Assembly shall not be required to appropriate funds to complete a project that was planned
 31 pursuant to this section.

32 (e) Timing of Department Allocations. – To the extent feasible, the Department of
 33 Administration shall ensure that the timing of allocations of funds from the Capital
 34 Improvement Planning Fund is managed in a way that allows State agencies and the General
 35 Assembly to provide for timely commencement and completion of post-planning stages of a
 36 project when the General Assembly decides to authorize completion of a project beyond the
 37 planning stage."

38 **SECTION 2.** G.S. 143C-3-3 reads as rewritten:

39 "**§ 143C-3-3. Budget requests from State agencies in the executive branch.**

40 ...

41 (d) Capital Funds Request. – In addition to any other information requested by the
 42 Director, any State agency proposing to (i) acquire real property, (ii) construct a new facility,
 43 (iii) expand the building area (sq. ft.) of an existing facility, or (iv) rehabilitate an existing
 44 facility to accommodate new or expanded uses shall accompany that request with all of the
 45 following:

46 ...

- 47 (5) An estimate of maintenance and operating costs, including personnel, for the
 48 project, covering the first five and 10 years of operation.

49 "

50 **SECTION 3.** G.S. 120-306 reads as rewritten:

51 "**§ 120-306. Purpose and powers of Committee.**

1 (a) The Joint Legislative Oversight Committee on General Government shall examine
2 on a continuing basis the services provided by the departments and agencies set out in this
3 subsection in order to make ongoing recommendations to the General Assembly on ways to
4 improve the effectiveness, efficiency, and quality of State government services. The Committee
5 has the following powers and duties:

6 ...

7 (10) Examine, on a continuing basis, capital improvements requested by,
8 authorized for, and undertaken by or on behalf of State agencies.

9 (11) Have oversight over implementation of the six-year capital improvements
10 plan developed pursuant to G.S. 143C-8-5.

11 (12) Make recommendations to the General Assembly on ways to improve the
12 planning, financing, design, construction, and maintenance of State capital
13 improvements.

14 (13) Make reports and recommendations to the General Assembly regarding
15 which capital improvements requested by State agencies should be
16 authorized and how they should be funded.

17 (14) Examine any other topic the Committee believes to be related to its purpose.

18 (b) The Committee may make reports to the General Assembly. A report to the General
19 Assembly may contain legislation needed to implement a recommendation of the Committee.

20 (c) As used in this section, the term "capital improvement" shall have the same meaning
21 as in G.S. 143C-1-1."

22 **SECTION 4.** G.S. 120-76(9) is repealed.

23 **SECTION 5.** No later than August 1, 2015, the Department of Administration shall
24 report to the Joint Legislative Commission on Governmental Operations on the process it will
25 use to make allocation decisions under G.S. 143C-8-13, as enacted by Section 1 of this act. The
26 report shall specifically include information about the way that the Department will ensure that
27 the process is competitive.

28 **SECTION 6.** This act becomes effective July 1, 2015.