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## **CHAPTER 3: PROJECT PRIORITIES AND SELECTION**

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## 3.1 Overview

A capital outlay project begins with the creation of a district educational master plan and ends when the Division of the State Architect certifies the construction process as complete and the district files its project closeout documents with the Division of the State Architect and the Chancellor's Office. Chapter 3 is an overview of the community college capital outlay process for those projects seeking state funding.

## 3.2 Steps in the Capital Outlay Process

The California Community Colleges Capital Outlay Program follows these steps:

- Develop district/campus master plan (see Chapter 2 for detail)
  - Academic, facilities, financing
  - Enrollment projections
  - Capacity/load ratios
- Annual Capital Outlay Submittals
  - District/campus five-year construction plan and proposals for both state and non-state projects over 7 years (1 prior year actual, current year, and 5 projected years)
  - Space inventory — due annually in October, reflects inventory through December of the same year
- Initial Project Proposal (IPP) — concept paper
- Final Project Proposal (FPP) — **contractual** grant application from district
  - Project scope
  - Analysis of Building Space Use and WSCH — JCAF31
  - Cost Estimate Summary — JCAF32
  - Quantities and Unit Costs supporting the JCAF32
  - Board of Governors Energy and Sustainability Policy
  - Justification (SAM Narrative)
  - CEQA
  - Analysis of Future Costs
  - Pre-Schematic Plans — includes campus plot, site, and floor plans and exterior elevations

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- Guideline-Based Group 2 Equipment Cost Allowance — JCAF33
  - Justification of Additional Costs exceeding Guidelines (as needed)
  - Detailed Equipment List — submitted when the plan year for requesting CE funding is due
  - Certifications — Approval Page with original signatures; Project Terms and Conditions
  - Capital Outlay Budget Change Proposal (COBCP) — budget document prepared by the Chancellor’s Office
  - State Governor’s Budget
    - Department of Finance approval
    - Legislative Analyst Office review
    - State Legislature review and approval
    - Governor signs the budget bill
    - Release of state appropriations (via form DF-14)
  - Design
    - Preliminary plans
    - Working drawings
    - Completion of Quarterly Reports (completed regardless of expenditure source)
  - Construction
    - Bid & Bid Award
    - Project management
    - Construction management
    - Completion of Quarterly Reports (completed regardless of expenditure source)
  - Equipment
    - Group 2 — Movable Equipment
    - Quarterly Reports
  - Closeout
    - DSA certification
    - Designate project “online” in FUSION

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- District project closeout
  - Chancellor's Office project closeout & final FUSION Closeout

IPP submittals are due on July 1st, two years prior to the budget for which the submittals are made. This time frame is necessary given the number of reviews that occur in the budget process, the large number of districts and the number of proposals under consideration. The Chancellor's Office must review the 5YCPs, screen the IPPs, approve those IPPs to be developed into FPPs, work with the districts to develop the FPPs, prepare the community colleges budget program, obtain the Board of Governor's approval and prioritization of projects, and prepare Capital Outlay Budget Change Proposals. The Chancellor's Office on behalf of the districts advocates and negotiates the proposed list of projects with the DOF, the LAO, and the Legislature.

It is incumbent that districts provide well developed projects, consistent with state priorities, with the appropriate backup, so the Chancellor's Office can set clear priorities and successfully advocate on behalf of a district and their respective project throughout the state's annual budget process (capital outlay process).

### **3.3 State Funding Configurations**

- 1) Preliminary plans (P)
- 2) Working drawings (W)
- 3) Construction (C)
- 4) Equipment (E)

In 2009, the state changed the bond drawdown process. Bond funds are now sold twice annually to cover capital outlay costs; and, PW is submitted in budget year one with CE submitted in budget year two. Districts submit only one FPP for each new project. The FPP addresses all stages of a project (P, W, C, and E, when included). In the unlikely event that changes in expected scope or cost incur, districts are to submit a new FPP. Site acquisition is not currently funded by the state and is, therefore, not covered in this manual.

### **3.4 Priority Criteria for Capital Outlay**

The Board of Governors (Board) developed criteria for prioritizing projects in September 1996 and were further refined in November 1999 (see Appendix B for more information on project categories). There are six Board priority-funding categories:

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- Category A: Life and Safety
    - Receives up to 50% of total available funds annually
  - Category B: Growth — Instructional Space
    - Receives 50% of funds remaining after Category A projects are funded
  - Category C: Modernize — Instructional Space
    - Receives 25% of funds remaining after Category A projects are funded
  - Category D: To Promote a Complete Campus Concept
    - Receives 15% of funds remaining after Category A projects are funded
  - Category E: Growth — Institutional Support
    - Receives 5% of funds remaining after Category A projects are funded
  - Category F: Modernize — Institutional Support
    - Receives 5% of funds remaining after Category A projects are funded

### **3.4.1 Category A — Life and Safety**

Projects in Category A are the state’s highest priority projects because they address life and safety issues. Category A projects are ranked according to the number of people threatened or affected by the condition of a facility or site. Each proposal must be the least cost permanent solution to the problem and provide no change in program function or increase in space. Category A project criteria includes, but is not limited to, the following:

- FPP shall be accompanied by a third-party study/report that validates the findings and justifies the conclusions reached in the FPP
  - This study must be performed by an independent, professional who is certified or licensed to perform the relevant study and shall include possible mitigation measures; or
  - Evidence of regulatory agency cites such as Cal OSHA or local fire marshals identifying and documenting severity of issue.
- Project scope is designed to permanently mitigate the problem with the least cost solution.
- Category A-1: Imminent danger to the life or safety of building occupants — The lack of compliance with existing code is not considered sufficient justification to warrant classification of an issue as a critical life-safety issue.

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Space expansion (gross square feet and/or assignable square feet) is permissible to address code compliance issues only.

- Category A-2: Not used by the state at this time.
- Category A-3: Seismic Deficiencies — Space expansion (gross square feet and/or assignable square feet) is permissible to address seismic solution or code compliance issues only. No additional scope allowed other than the work required for seismic solution or code compliance mitigation ***regardless of funding source***.
- Category A-4: Immediate infrastructure failure — This category shall not to be used for addressing non-urgent non-code compliant issues. The absence of code compliance shall not be the sole requirement for this category.
- No Group 2 Equipment allowances shall be budgeted as part of project costs. Please see Appendix B for details.

### **3.4.2 Categories B — Growth Projects (increase instructional capacity)**

Projects are categorized as B because they increase site capacity (gross square feet). These projects provide for reconstruction of existing space, construction of new space, and purchase of equipment to meet existing enrollment and provide for increased instructional capacity in classrooms, laboratories, libraries/learning resource centers and instructional audio and visual services. Only projects with the preponderance of space type at or below 100% capacity-to-load ratio upon project completion qualify to compete for funding within this category. Completion of previously funded Category B projects will have the highest priority for funding in this category.

### **3.4.3 Categories C — Modernization Projects (modernize instructional space)**

Projects are categorized as C because they provide for reconstruction or replacement of existing space and purchase of equipment to improve instructional programs and/or service delivery in classrooms, laboratories, libraries/ learning resource centers and instructional audio and visual services. Age of the building is the critical prioritization factor for this category of project. Projects in this category increase instructional efficiency and/or enhance instructional delivery systems through changes in teaching methods, improved technology and other infrastructure changes. Solutions need to provide for no expansion of space (gross square feet) except to comply with existing

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regulations and building codes. Projects in this category cannot cause or increase the overbuilt status (high capacity to load ratios) of a site. Completion of previously funded Category C projects will have the highest priority for funding in this category.

#### **3.4.4 Category D — To Promote a Complete Campus Concept**

Category D projects include physical education, performing arts, child development and facilities not covered by other categories, but are necessary to promote a complete campus. Projects that introduce never before available basic services to complete a campus are given preference for funding over projects that replace or add to an existing facility of similar use. Completion of previously funded Category D projects will have the highest priority for funding in this category.

D-1 — Physical education, performing arts, child development facilities, and other capital projects necessary to promote a complete campus but not funded under other categories.

D-2 — Cafeterias, maintenance shops, warehouses and capital energy projects

#### **3.4.5 Category E — To Increase Institutional Support Services Capacity**

Category E projects provide for reconstruction of existing space, construction of new space and purchase of equipment to meet existing need and provide for increased capacity for administrative, instructional, student and other support services. Only projects with the preponderance of space at or below 100% capacity-to-load ratio upon project completion qualify to compete for funding within this category. Completion of previously funded Category E projects will have the highest priority for funding in this category.

#### **3.4.6 Category F — To Modernize Institutional Support Services Space**

Category F projects provide for reconstruction or replacement of existing space and purchase of equipment to improve program and/or service delivery in administrative, instructional, student and other support services. Age of the building is the critical prioritization factor for this category. Projects in this category increase non-instructional efficiency and/or enhance non-instructional operation through changes in physical space layout, improved technology and other infrastructure changes. Solutions need to

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provide for no expansion of space (gross square feet), except to comply with existing regulations and building codes. Projects in this category cannot sustain or increase an overbuilt status (high capacity to load ratios) of a site. Completion of previously funded Category F projects will have the highest priority for funding in this category.

### **3.5 Types of Projects**

Currently, the types of projects in the community colleges are:

- Infrastructure, utilities and site development
- Buildings
  - Classroom
  - Laboratory
  - Office
  - Library
  - AV/TV
  - PE
  - Multi-functional (Classroom, Laboratory and Office)
  - Other
- Fixed equipment (Group 1)
- Movable equipment (Group 2)

#### **3.5.1 Systems**

Due to the new forms of technology and increased concern with infrastructure and environment, there is a trend towards defining projects in terms of “systems” instead of just space. State funding policies have not caught up with this trend at this time, but it is important that the districts begin to think in systems, if they are not already, because justification of projects will most likely be by systems analysis.

Any project can be defined as a systems project if the campus is thought of as a series of systems with varying capacities. These trends towards a systems approach such as integrated curricula, collaborative instruction, 'hands-on' work in real world settings, the blending of student services and instruction through new technology for service delivery, and the almost universal use of computers and information systems are changing the definition of capital outlay projects. What used to be thought of as land, utilities, roads,



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buildings, and equipment is now thought of in terms of “facilities systems,” e.g., space, heating and cooling, utilities, pedestrian access, tele-communications, etc. The Chancellor's Office is already requiring a systems analysis for telecommunications and learning resource center projects.

By contrast, the long-standing definition of capital outlay still in use in the State Administrative Manual for the State Capital Outlay Budget is:

*SAM, Section 6532. Capital outlay includes purchases of land and costs related thereto, including court costs, condemnation costs, legal fees, title fees, etc., and construction projects, including preliminary planning, working drawings, and equipment related to a construction project regardless of cost or timing. Construction projects include new construction, alteration, and extension or betterment of existing structures. Capital outlay projects must be for owned properties and facilities and must improve the facility beyond its present use or designed levels.*

The limitations of this definition from an educational perspective can be seen if it is contrasted with the emerging view of facilities as “educational delivery systems” or “learning environments,” i.e., combinations of space and equipment. For example, lecture classes are increasingly supplanted or supplemented by assignments and classwork that use varying combinations of small groups working collaboratively, often at computerized learning stations. The “lab,” “shop” and “studio” are becoming the central rather than the peripheral model for instruction.

The definition used by California Community Colleges for a capital outlay project reflects the state definition — a new construction, alteration, extension, or betterment of existing structure in excess of \$634,000. However, to accommodate, for example, an additional 300,000 students and the potential for meeting this need through a variety of new instructional methodologies (including distance learning technologies such as telecommunication networks and television broadcast stations with cable hookups), community colleges interpret the definition of capital outlay more broadly. The definition is extended to all forms of “educational delivery systems” where a site, building, equipment, or physical system is required.

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### **3.6 Community College Capital Outlay Budget Calendar**

The California Community Colleges Capital Outlay Budget Calendar depicts the milestones of the Capital Outlay Five-Year Plan submission process. See Appendix C for more information on the Capital Outlay Budget Calendar.