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COMMISSIONER OF ADMINISTRATION

**State of Louisiana**  
Division of Administration  
Office of the Commissioner

**MEMORANDUM**

**DATE:** August 15, 2008

**TO:** Statewide Elected Officials, Department Secretaries,  
Higher Education Boards and Institutions

**FROM:** Angele Davis   
Commissioner of Administration

**RE:** Capital Outlay Budget Requests for 2009-2010 through 2014-2015

The purpose of this memorandum is to inform State Agencies of the procedures and requirements relative to the submission of a Capital Outlay Request (COR). Please forward this memorandum to the appropriate budget units and institutions under the authority of your department.

**What qualifies as a Capital Outlay project?**

For projects where the only anticipated source of funding available is the sale of general obligation bonds, it is necessary to limit Capital Outlay projects to those which have an anticipated useful life of 20 years or more and a value or cost of at least \$100,000.

Examples of projects which qualify for inclusion in the Capital Outlay bill are:

- land acquisition
- site development and improvement
- acquisition or construction of buildings or other structures
- additions or expansions to existing facilities
- major repair or renovation of existing facilities
- installation, extension or replacement of utility systems
- installation, extension or replacement of major building system components
- roof replacement;
- hazardous material abatement
- fixed equipment which is connected to building utility systems
- initial equipment and furnishings for new buildings

However, depending on the anticipated useful life of equipment and furnishings, it may be more cost effective to fund these items through alternative sources. In addition, agencies should explore alternative financing, such as equipment leasing programs, for equipment such as fiber optic or telephone cable installation or replacement, telephone systems, etc.

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Do not include in the Capital Outlay requests any of the following: minor repair or renovation projects, such as painting, flooring, etc.; minor roof repairs which do not extend the useful life of the roof; movable equipment and furnishings, except for that associated with new buildings; vehicles of any type; materials and supplies; repair or renovation of minor building components such as plumbing fixtures, locks, etc.; and routine and preventive maintenance of existing equipment. The expectation is that every state agency should have a written maintenance management plan in place, which addresses these items through the operating budget, instead of deferring maintenance until a Capital Outlay budget project is needed. In the future, agency heads who submit Capital Outlay requests to prematurely replace roofs, or electrical, mechanical or HVAC equipment, due to lack of maintenance, will be asked to absorb these costs in their operating budgets or to state before the Interim Emergency Board or Legislative committees why state property was not properly maintained.

The state has a tremendous backlog of deferred maintenance needs that has been estimated to be as high as \$2 billion. These needs include life safety deficiencies as well as other safety deficiencies that could jeopardize life and property. These issues should be agency priorities in the Capital Outlay requests. There is always a need to improve the quality of the institutions by proposing new facilities; however, deferred maintenance cannot be ignored and must be given a high priority. Deterioration of existing facilities through lack of deferred maintenance will ultimately cost more to repair or replace. These should be the first areas of need addressed in the Capital Outlay requests.

#### **Which requests should be re-entered annually?**

Any general obligation bonds authorized in a Capital Outlay Act which are not funded through a cash or non-cash line of credit as approved by the State Bond Commission should be requested again for the subsequent fiscal year. Also, any revenue bonds authorized but not issued in any one fiscal year, should be requested again for the subsequent fiscal year to be included in the Capital Outlay Budget.

#### **What is meant by “five year plan”?**

The law provides that “annual requests shall include projects proposed to be funded within the next five years.” The forms and instructions provide the means to present a five-year plan of capital expenditures for each project. Therefore, in preparing a five-year Capital Outlay plan, keep in mind that first-year requests should reflect only those expenditures which must be funded next year. If an expenditure is not expected in the coming year, it should be shown in years two through five of your request. Often agencies overload the first-year requests and disregard years two through five. The first-year request should accurately reflect the anticipated project funding needs for year one.

#### **What information is needed and/or required in a complete request?**

RS 39:102 requires that Requests contain:

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1. detailed project description
2. reasonable date of when the project will be needed
3. location
4. estimated construction cost
5. cost of equipping and furnishing
6. space utilization plan
7. cost of opening and operating the facility for the first year
8. estimated annual operating and maintenance costs
9. method and source of financing
10. estimated completion date
11. identification of other similar facilities in area and evaluation of their capabilities to meet needs
12. order of priority against other Requests submitted by the agency

**What is done with this information?**

RS 39:112 and the State Constitution compel the Office of Facility Planning and Control (FP&C) to review Capital Outlay Requests for feasibility, and to notify appropriate legislative committees if any project is deemed not feasible. RS 39:112 also states that any project deemed not feasible shall not be included in the Capital Outlay Act. In order for FP&C to conduct feasibility reviews of Capital Outlay Requests, it is necessary that the Requests contain the statutorily required contents.

**How is the information submitted?**

Applications for Capital Outlay funds are filed electronically in the Capital Outlay Request Tracking System, eCORTS. The website for eCORTS is:

***[www.doa.la.gov/ecorts](http://www.doa.la.gov/ecorts)***

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**What is the deadline for submitting requests?**

R.S. 39:101.B (1)(c) requires that Capital Outlay requests be submitted no later than November 1st each year. Every effort should be made to meet this deadline. For State projects, R.S. 39:112 states that requests submitted after November 1st cannot be included in the Capital Outlay Act unless the project is: (1) an economic development project recommended in writing by the Secretary of the Department of Economic Development or (2) is an emergency project recommended in writing by the Commissioner of Administration.

**What if there are additional questions?**

A series of online help screens for eCORTS can be found on the web:

***<https://wwwprd.doa.louisiana.gov/ecorts/Help/default.cfm>***

Or agencies can contact the Capital Outlay Section of FP&C either by phone at (225) 342-0823 or email [CapitalOutlay@LA.gov](mailto:CapitalOutlay@LA.gov)