**Scheduling and Execution of FSS/PPS No. 08.04**

**Deferred Capital Renewal Issue No. 6**

**Effective Date: 02/01/2021**

**Next Review Date: 02/01/2024 (E3Y)**

 **Sr. Reviewer: Associate Vice President for Facilities**

1. **POLICY STATEMENT**

01.01 The purpose of this policy is to outline the procedures needed to ensure that the Facilities Office schedules and executes the projects needed to complete annual deferred capital renewal, formerly known as deferred maintenance.

**02.  DEFINITIONS**

02.01 Deferred Capital Renewal– the accumulation of facility components in need of repair or replacement brought about by age, use, or damage, for which remedies are postponed or considered backlogged, that is necessary to extend the life of a facility, system, or component. This includes repairs postponed because of funding limitations. Deferred capital renewal excludes ongoing maintenance, planned maintenance performed according to schedule, facilities adaptation, and code compliance items.

02.02 Critical Deferred Capital Renewal– any deferred capital renewal that, if not corrected in the current budget cycle, places its building occupants at risk of harm or the facility at risk of not fulfilling its functions.

02.03 Facility Adaptation– includes facility improvements and changes to a facility in response to evolving needs. The changes may occur because of new programs or to correct functional obsolescence.

02.04 Code Compliance – any improvements driven by the need for modernization because of evolving codes.

02.05 Planned Maintenance – a systematic approach to repairing or replacing major building subsystems including, but not limited to, roofs, HVAC, electrical, and plumbing systems which have predictable life cycles to maintain and extend the life of the facility. This category is sometimes referred to as facility renewal or capital repair. Planned maintenance is normally funded by an institution’s capital budget.

02.06 Campus Condition Index (CCI)– a comparative indicator of the relative condition of facilities calculated by dividing the deferred capital renewal backlog by the current replacement value. This may be calculated for an individual building, group of buildings, or an entire campus.

02.07 Educational and General (E&G) Facilities– any university facility used for education or general use.

02.08 Auxiliary Facilities – includes Athletics; Department of Housing and Residential Life; Campus Recreation; LBJ Student Center; Student Health Center; Parking Services; Dining Services; and other facilities not eligible for E&G facilities funding.

02.09 THECB– The Texas Higher Education Coordinating Board.

02.10 The Texas State University System (TSUS) Office– supports seven component institutions by providing centralized services including legal counsel, accounting, audit, academic program planning, contract administration, government relations, and communications services.

**03. PROCEDURES FOR SCHEDULING AND EXECUTING DEFERRED CAPITAL RENEWAL**

03.01 The Facilities Office compiles and maintains a deferred capital renewal list with projects added as identified throughout the year. Five primary methods are used to add projects to the list. The first method is direct field observation by Facilities Operations staff while conducting routine and preventive maintenance tasks. The second method is input received from contracted third-party facilities condition assessments, and from reports generated from the Facilities Office’s computerized maintenance management system identifying faulty and failing equipment, building envelope, or systems. The third method is input from the Office of Facilities Planning, Design and Construction (FPDC) staff working on capital and special projects. The fourth method is projects identified by outsourced investigations by vendors for specialty work, such as using ground-penetrating radar, infrared scanning of underground piping, or roof systems and elevator condition assessments. The fifth method is by inputs provided by managers responsible for auxiliary facilities and infrastructure systems.

1. E&G Facilities – During the spring semester of each fiscal year, Facilities Office staff will meet to review the existing deferred capital renewal and planned maintenance list for E&G facilities. They will establish an estimated cost for newly identified projects and integrate the new projects with the existing ones according to priority and Higher Education Funds (HEF) funding available based on annual allocations allotted for major R&R projects. Project costs will be reviewed and adjusted for inflation if they are to be deferred for over one fiscal year. Prioritization of projects will be based on perceived risk to university property, importance to the mission of the university, and end-user satisfaction. Just prior to the end of the fiscal year, a project list will be finalized for consideration for funding approval for completion during the next fiscal year. Facilities Office personnel will submit their recommended list of E&G projects to the associate vice president for Facilities for departmental approval. Upon approval of the list, Facilities Operations staff will load the projects in the CCI report. The list will also be provided to the associate vice president for Finance and Support Services Planning to be included in the HEF allocation plan.

1. Infrastructure – During the spring semester of the fiscal year, Utilities Operations staff will meet to review the existing deferred and planned capital renewal list for utilities infrastructure systems. They will establish an estimated cost for newly identified projects to be funded from utility reserves.

Utilities Operations staff will integrate the new projects with the existing ones according to priority. Project costs will be reviewed and adjusted for inflation if they are to be deferred for over one fiscal year. Prioritization of projects will be based on perceived risk to university property, importance to the mission of the university, and availability of funds as determined by the assistant vice president for Budgeting, Financial Planning and Analysis. Just prior to the end of the fiscal year, a project list will be finalized for consideration for funding approval for completion during the next fiscal year. Facilities Office personnel will submit their recommended lists of infrastructure projects to the associate vice president for Facilities for departmental approval and then to the vice president for Finance and Support Services for approval. They will then forward the report to the Office of Facilities Management for inclusion in the CCI report.

c. Auxiliary Facilities – Prior to March 1 of each year, Facilities Operations will request managers of auxiliary facilities review their existing deferred and planned capital renewal list. They will establish an estimated cost for newly identified projects, in consultation with the Facilities Operations, and integrate the new projects with the existing ones according to priority. Project costs will be reviewed and adjusted for inflation if they are to be deferred for over one fiscal year. Auxiliary facilities managers will submit their recommended list of projects, as required by TSUS, to the associate vice president for Facilities for review and then to their respective vice presidents for approval. They will then forward their approved CCI lists to the Office of Facilities Management for inclusion in the CCI report.

03.02 Facilities Operations will annually prepare and submit the CCI report to TSUS in the fall semester. Managers of infrastructure systems and auxiliary facilities must provide their input for the report by August 1 of each year, or as prescribed by the TSUS, to the director of Facilities Operations for inclusion in the report. Their input should include projects completed and their five-year capital renewal program. The completed report will include:

* + - * 1. an institution’s planned maintenance, deferred capital renewal, critical deferred capital renewal, code compliance, and facility adaptation itemized by building and infrastructure for the previous year, current year, and following four years;
				2. previous year’s expenditures for planned maintenance, capital renewal, critical capital renewal, code compliance, and facility adaptation itemized by building;
				3. current year’s budgeted amount for planned maintenance, deferred capital renewal, critical deferred capital renewal, code compliance, and facility adaptation itemized by building; and
				4. current year’s unbudgeted amount for planned maintenance, deferred capital renewal, critical deferred capital renewal, code compliance, and facility adaptation.

03.03 Facilities Operations personnel will consolidate the E&G, utilities infrastructure, and auxiliary inputs into the CCI report and send it forward to the vice president for Finance and Support Services (VPFSS) for final review. The VPFSS will forward the report to the president for approval and submission to the TSUS.

03.04 Upon the receipt of the submitted and approved annual CCI report, Office of Facilities Management, Office of Facilities Operations, Office of Utilities Operations, and Office of FPDC staff will meet to develop the acquisition strategy for the E&G and utilities infrastructure projects in the approved CCI report. Facilities Operations will prepare [Space Request forms](https://gato-docs.its.txstate.edu/jcr%3A528e8d26-0371-47ee-a4ee-0363f151aeb0/Request-for-Renovation-New-Space-Chg-of-Function-Form.docx) for the E&G projects for submission to the associate vice president for Finance and Support Services Planning (AVPFSSP) to establish project priorities and to set up internal orders for projects.

03.05 If utilities managers wish to have FPDC execute their projects, they should prepare [Space Request forms](https://gato-docs.its.txstate.edu/jcr%3A528e8d26-0371-47ee-a4ee-0363f151aeb0/Request-for-Renovation-New-Space-Chg-of-Function-Form.docx) for submission to the AVPFSSP. Housing and Residential Life and Dining Services typically handle their own projects; however, if they wish to have FPDC execute their projects, they should prepare [Space Request forms](https://gato-docs.its.txstate.edu/jcr%3A528e8d26-0371-47ee-a4ee-0363f151aeb0/Request-for-Renovation-New-Space-Chg-of-Function-Form.docx) for submission to the AVPFSSP. Projects will be assigned and scheduled based on need to support university mission, complexity of project scope, lead time for procurement of materials, and facility availability based upon class schedule and facility usage. Once assigned, Facilities Operations staff will track the status of E&G projects and upon completion, will record each project for entry in the CCI report for the following fiscal year. Auxiliary facility and utilities managers will track project completion of their projects and report it in their next CCI submission.

1. **REVIEWERS OF THIS PPS**

04.01 Reviewers of this PPS include the following:

Position Date

Associate Vice President for Facilities February 1 E3Y

Director, Facilities Operations February 1 E3Y

**05. CERTIFICATION STATEMENT**

This PPS has been approved by the following individuals in their official capacities and represents Texas State Finance and Support Services policy and procedure from the date of this document until superseded.

Associate Vice President for Facilities; senior reviewer of this PPS

Vice President for Finance and Support Services