New Capital Project Requests Job Aid

This job aid describes the process agencies should use to report capital projects for their six-year capital improvement plan and request new capital projects with Worksheet-III (WS-III) forms for the FY 2027-29 biennium. WS-III forms are due **January 11th, 2027**. For more information on this process, agency budget staff should attend the virtual Capital Budget Instructions Training on **Tuesday, November 10th, at 2 PM**. Agency budget staff may also attend Capital Request Office Hours on **Tuesday, November 17th, at 11 AM** and **Wednesday, November 18th, at 4 PM** for more assistance on submitting requests.

Prior to submitting WS-IIIs, agencies should submit a Capital Request Form (CRF), which summarizes capital project requests, by **Tuesday, December 1st**. A template for the Capital Request Form can be found on the OSBM website for Job Aids under Change Budget Aids: Capital Request Form Template. This form has two elements:

1. The agency Capital Improvement Plan, which will feed into the overall state FY 2027-33 Capital Improvement Plan.
2. Capital Project Request Forms for each project requested by the agency where funding is required during the FY 2027-29 biennium.

Agencies will work with OSBM to determine which requests are viable given budgetary and other constraints, develop the business case for requests using data and evidence wherever possible, and further refine and adjust requests based on feedback. Agencies will then submit the final Capital Project Request Form for each project as an attachment to corresponding WS-IIIs.

Please note: Agencies will only need to submit repair and renovation (R&R) project information as part of the FY 2027-33 capital improvement plan. Agencies **will not need** to submit *individual* R&R requests as part of the change budget process for the FY 2027-29 biennium.

Capital Request Submissions

1. FY 2027-33 Capital Improvement Plan and CRF

In accordance with GS 143C-8-5, the capital improvement plan is intended to identify the long-term capital improvement and R&R needs of all state government agencies across a six-year period.

Agencies should provide all capital improvement projects, including those requested for FY 2027-29, supported entirely or partially from General Fund appropriations in priority order for the current six-year planning period (FY 2027-33). For the R&R portion of the capital improvement plan, agencies only need to estimate the maintenance and operating costs and project schedules for R&R projects planned for the current fiscal biennium (FY 2027-29).

Agencies should then complete CRFs for each project planned to start during the FY 2027-29 biennium. *Agencies should include any existing projects that already have an allocation from the State Capital and Infrastructure Fund but need more appropriations to complete the project.* Given likely demand for funding across the state, OSBM recommends that agencies should request no more than 25 non-R&R projects, and the number of requests should be proportionate to the agency's responsibilities. Agencies should NOT request all projects in the first two years; this process is intended to identify agencies' capital improvement needs for the next six fiscal years. Agencies should consider what they will realistically be able to expend on projects in each of the next six fiscal years.

2. WS-III Capital Budget Requests (*IBIS*)

Agencies are required to submit WS-IIIs to provide project descriptions, justifications, six-year funding schedules, and other capital improvement related information for capital budget requests. Agencies must complete this form for both General Fund and non-General Fund (NGF) supported capital projects requesting funds in the FY 2027-29 biennium. For NGF supported projects, agencies should not submit a request for the FY 2027-29 biennium if they do not anticipate having the receipts. Priorities, project titles, and funding schedules in the WS-IIIs must match the agency's capital improvement plan. **The relevant Capital Project Request Form should be included as an attachment to each WS-III.**

Completing the CRF and WS-III

A capital project includes the acquisition of land, building a new building, expansion of square footage of an existing building or complex (such as an annex), and full building renovations.

Capital Project Prioritization: Agencies are responsible for submitting capital projects in priority order for their entire department not just by division. All requests must have a unique priority ranking, with "1" indicating highest priority.

Selecting the Start Year for a Project: Agencies should be realistic about their ability to begin and execute a project. For example, some agencies may be unlikely to execute multiple large capital projects in one year. When requesting funds, an agency should request funding only if they can begin executing a project that fiscal year. An agency should request funding for projects that can at least begin planning in the budgeted year and construction in the following year. For example, agencies should not make the entire capital improvement request for new capital in the first year.

Funding Authorization: To the extent possible, please utilize the six-year project cost summary to provide cash flows for requested projects. For example:

Table 1: Sample Capital Project Request

Project	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Renovate Headquarters Building	$10,000,000	$20,000,000	$15,000,000	$5,000,000		

New capital project requests occurring later in the six-year period may not have sufficient years to input the proper cash flow. Please spread the cash flow out as much as the available six-year window allows to present the total project cost. An example for a $55 million New Laboratory Building:

Table 2: Sample Capital Project Requirement

Project	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Renovate Headquarters Building	$10,000,000	$20,000,000	$15,000,000	$5,000,000		
New Laboratory Building					$5,000,000	$50,000,000

Operating Budget Impacts (Required Information): Pursuant to GS 143C-8-6(f)(1), as amended by SL 2026-41, Sec. 5.13(a), agencies **must** submit the operating cost impacts of any new capital improvement project request for the first five fiscal years of operation. Agencies must provide information about increased appropriations needed for the opening of a new building or the renovation of an existing building (e.g., personnel, utilities, etc.). If agencies do not anticipate increases in operating impact for a requested project, agencies must instead provide the operating costs of the requested project for the previous five fiscal years in the WS-III. *Note: agencies must confirm operating cost estimates with their finance division*.

Additional WS-III Requirements

Project Feasibility (Required Information): OC-25 cost estimates, which the State Construction Office (SCO) certifies, are required for every new capital and R&R project request that is $100,000 or greater in cost. Agencies should provide certified OC-25 cost estimates for all projects requested for the FY 2027-29 biennium. Capital requests are acceptable with OC-25s that have been submitted to SCO, but which are still in the process of being certified. However, OC-25s must be certified before final WS-IIIs are due on **January 11th, 2027**. Agencies must work with the SCO to update OC-25s certified more than two years ago.

Project Evaluation (Required Information): GS 143C-8-3 lists required evaluation criteria for capital projects. Agencies are responsible for considering and providing information, as applicable, to address the following statutorily required components of a project request:

- Preservation, adequacy, and use of existing facilities,
- Health and safety considerations,
- Operational efficiencies, and
- Projected demand for governmental services.

Supplemental Information: Agencies are encouraged to provide additional supplemental information for capital project evaluation, as described below.

- *Critical Timing:* Explain how the request impacts the start or completion of another capital project.
- *Agency Mission & Goals*: Explain how the project aligns with the agency's strategic plan.
- *Program Effectiveness:* Degree to which the request improves program effectiveness or increases program capacity other than "simple" addition of space.
- *Benefit-Cost Analysis:* Provide information about what other alternatives were considered (such as leased space or remote working) and why a new capital project is the most cost-effective solution.
- *Economic Development*: Provide any relevant economic impact analysis, such as jobs created and direct and indirect benefits. This should not rely solely on input-output models or multipliers but should relate back to the benefit-cost analysis.
- *Environmental Hazards:* Identify any environmental hazards that are reduced or removed and describe the severity of those hazards.

Evidence: In providing this supplemental information, OSBM encourages agencies to emphasize evidence to show the need the request seeks to address and why this solution is expected to succeed. For example, in proposals to replace buildings, an agency could cite statistics around the expected life of buildings, alongside a benefit-cost analysis showing that replacing the building is better value than refurbishing it to modern standards.

To assist agencies in achieving this goal, OSBM will discuss this incorporation of evidence during Capital Budget Instructions Training on **Tuesday, November 10th**. OSBM capital analysts will also ask about evidence supporting requests during CRF review meetings.

Non-General Fund Capital Projects Requests:

Agencies should follow the same procedure outlined above for both new General Fund supported projects and projects that non-General Funds, or receipts, will entirely support.

When to Request NGF Capital Projects: Agencies should request a non-General Fund project for the:

- Expected year that NGF receipts are available and that the project will begin construction.
- Year of grant submission to an external entity (for example the Federal Government), if the project is funded by a grant.