



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**

PAT MCCRORY
GOVERNOR

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MEMORANDUM

TO: Senator Phil Berger, President Pro Tempore of the Senate
Representative Tim Moore, Speaker of the House of Representatives

FROM: Thomas Cheek, Assistant State Budget Officer
Thomas W. Cheek Jr.

DATE: December 16, 2016

SUBJECT: Report and Consultation on Allocations from the Repairs and Renovations Reserve

The General Assembly, in Session Law 2016-94 (House Bill 1030) appropriated \$81,400,000 from the unreserved fund balance to the Repairs and Renovations (R&R) Reserve Account to finance the capital facility costs of repairing and renovating State facilities and related infrastructure. The General Assembly directed \$13,923,000 to specific agency and campus projects. Of the remaining funds, the General Assembly allocated \$33,738,500 to both the University of North Carolina Board of Governors and the Office of State Budget and Management (OSBM). The specific projects that were directed to be funded were as follows:

- State Library and Archives and History Building Renovations (\$600,000)
- North Carolina Zoo Renovations (\$4,500,000)
- North Carolina State Capital (\$923,000)
- Western North Carolina Agricultural Center (\$3,000,000)
- Odum Village Renovation at UNC-Chapel Hill (\$750,000)
- Western Farmers Market (\$3,000,000)
- Eastern Justice Academy Dormitory Renovations (\$900,000)
- Eastern School for the Deaf Renovations (\$250,000)

In total, the State agencies submitted 205 requests totaling approximately \$117.5 million. OSBM employed a multi-step process to select FY 2016-17 non-university repair and renovation projects.

- The agencies submitted a prioritized list of repair and renovations projects, approved cost estimates using the State Construction Office's OC-25 form, and OSBM's R&R Request Worksheets.
- OSBM met with each agency that submitted an R&R request to review their request in detail to better understand the scope, feasibility, and priority of the requested projects.

- OSBM utilized a funding model to establish a baseline for the approximate R&R allocation for each agency. The formula considers the current replacement value of buildings allocated to each agency, the condition indicated by the Facilities Condition and Assessment Program, and the size and age of agency facilities.
- OSBM adjusted each agency's formula allocation, taking into account the nature of the projects submitted, available funding, and the relative need of a project.

The following table summarizes the allocations from the Repairs and Renovations Reserve Account for the State agencies. The table includes funding directed by the General Assembly.

Table 1: Summary of Allocations to State Agencies

AGENCY	LEGISLATIVELY DIRECTED FUNDING	OSBM ALLOCATION	PERCENT
Department of Administration ¹	\$1,523,000	\$6,884,000	17.92%
Department of Agriculture and Consumer Services	\$6,000,000	\$2,301,327	17.70%
Department of Commerce	\$-	\$87,200	0.19%
Department of Environmental Quality	\$-	\$1,131,450	2.41%
Department of Health and Human Services	\$-	\$8,856,000	18.88%
Department of Information Technology	\$-	\$858,200	1.83%
Department of Justice	\$900,000	\$568,000	3.13%
Department of Military and Veterans Affairs	\$-	\$3,601,723	7.68%
Department of Natural and Cultural Resources	\$4,500,000	\$1,934,000	13.72%
Department of Public Instruction	\$250,000	\$1,263,000	3.23%
Department of Public Safety	\$-	\$6,253,600	13.33%

Pursuant to G.S. 143C-4-3, projects receiving an allocation of more than \$2.5 million are subject to a consultation with the Joint Legislative Commission on Governmental Operations. One project at the Department of Health and Human Services is subject to such a consultation and is noted in the attached document.

The attached document provides a detailed list of projects that will be receiving funding from the OSBM portion of the Repairs and Renovation Reserve. The University of North Carolina Board of Governors has provided a separate list.

If you have any questions or concerns, you may contact me at (919) 807-4738 or email thomas.cheek@osbm.nc.gov.

Attachment: Detailed Agency Repair and Renovation Project List

¹ S.L. 2016-94 allocated \$1,523,000 in funds to the Department of Administration for renovation of the State Capital and the Archives and History Building. In addition, there is an additional \$600,000 allocated to the renovation of the Archives and History Building in the OSBM Allocation. These projects are included in the Department of Administration total, but were requests made in part by the Department of Natural and Cultural Resources.

CC: Andrew Heath
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2016-17 Repair and Renovation Reserve

Recommended Project List

Allocation

Military and Veterans Affairs

EMERGENCY - LIFE SAFETY: Building Sprinkler System Replacement - Kinston	299,440
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This project funds the completion of the fire sprinkler replacement at the Kinston Veterans Home. This project received \$299,000 in Repairs and Renovations funding in FY 2014-15 and the Office of State Budget and Management is reallocating the full amount of the FY 2014-15 OSBM Reserve for this purpose. The total amount of funding available for this project is \$1,696,940.

EMERGENCY: HVAC System Replacement - Fayetteville	2,101,453
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This project replaces the HVAC system at the Fayetteville nursing home. The HVAC system was installed in 1999 and has needed a significant amount of repair work in the past five years.

EMERGENCY - Sewer System Replacement - Kinston	600,415
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The current sewer system is not sufficient to meet the needs of the Kinston Veterans Home and has resulted in expenditures from the operating budget to correct several issues. This project would replace the sewer system for the facility.

EMERGENCY: Roof Repair - Kinston	600,415
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This project repairs the roof at the Kinston Veterans home.

Military and Veterans Affairs Total \$	3,601,723
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Public Instruction

NCCAT HVAC Renovations	270,000
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This project funds renovations to the HVAC system to provide adequate outside air quality, control humidity, and update building controls.

WNCSD - Campus Water Upgrade	775,000
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This project funds the replacement of the existing water system with new campus-wide distribution piping, a booster pump, and a backflow preventer.

ENCSD - Fire Alarm Systems - Vestal Hall & Mayfield Hall	218,000
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The projects funds the installation of new code-compliant addressable fire alarm systems, including panels, pull stations, horn strobes, and smoke/fire/heat detectors.

Public Instruction Total \$	1,263,000
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Justice

Old Education Building AHU Renovations	69,000
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This project funds the repair and replacement of existing variable frequency drives, including properly sealing all air handlers, replacing worn parts in air handlers, and ensuring coils are operating as designed.

Old Education Building HVAC VAV Replacement Project	499,000
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This project funds the renovation of existing terminal box air distribution systems, including the replacement of failing VAV's and updating controls.

Justice Total \$	568,000
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Agriculture & Consumer Services

2016-17 Repair and Renovation Reserve

Recommended Project List

	Allocation
Rollins Laboratory Mold & HVAC Corrections	660,000
The recent mold event at Rollins revealed that the building's HVAC is out of balance for air pressures with air handling equipment that is in poor condition or not functioning. This funding will be used for repairs that are required to properly condition the space necessary to support accreditation and reliable lab test results, and to help prevent future mold growth. Rollins & Western Lab received Repairs and Renovations funding in the amount of \$345,300 in FY2015-16 for HVAC & ventilation improvement. The total amount of funding available for this project is \$1,005,300.	
Old Health Building - Third Floor Fit-Up	280,000
The Old Health Building Phase II is the final up-fit of the third floor for occupancy by the NCDA&CS Division of Soil & Water Conservation (DSWC). The office space will accommodate 30 staff, 2 conference rooms and 1 breakroom. The total project scope includes: cubicle electrical pricing to connect cubicles to electric infrastructure, 20 cubicle units; data network system, mounted patch panels, ladder support racks, outlet boxes, faceplates, cords & cabling to support network infrastructure for offices, conference rooms, breakroom, peripheral equipment (e.g. network printers & photocopy machines); and white noise system.	
SENCAC Stall Barns	200,000
This project funds electrical work, stalls, site improvements and waste management at SENCAC Stall Barns. This project received \$165,000 in General Funds in FY2016-17. The total amount of funding available for this project is \$365,000.	
NCDA&CS Statewide Building Demolitions	325,327
This project funds the demolition of numerous identified structures statewide. It will also be used for necessary asbestos and lead paint investigations and abatement.	
SBMEAC Building Exterior Replacements/Renovations - 2014 R&R Supplement	136,000
This project funds the installation of gutters and downspouts on the Open Air Arena & Connector Building, as well as replacement of overhead coiling doors and the use of 20 Ga. two-coat metal. This project received \$183,000 in Repairs and Renovations funding in FY 2014-15. The total amount of funding available for this project is \$319,000.	
Historic Polk House & Agricultural Building Repairs & Space Fit-Up	200,000
This project funding repairs structural features of the historic Polk House, including wood rot on exterior of the building. In addition, the historic Agriculture Building is in need of interior fit-up effort, improving it's functionality.	
NCDA&CS Statewide Safety & Security Repairs & Renovations	500,000
This project funding addresses safety concerns such as, code issues and environmental issues; including but not limited too, security improvements at the Eaddy Building and Food Distribution buildings.	
Agriculture & Consumer Services Total \$	2,301,327
Administration	
Museum Of Art East Building Fire Alarm and Sprinkler Repairs - Supplement	1,059,000
This project provides a supplement for the Museum of Art East Building Fire Alarm and Sprinkler System replacement. The project received \$1,873,000 in Repairs and Renovations funds in FY 2015-16. The total amount of funding available for the project is \$2,932,000.	
Labor Building - Elevator Replacement	375,000
This project replaces the Labor Building Elevator. The elevator was installed in 1979 and has reached the end of the expected life.	
Shore Building Elevator Replacement	355,000
This project replaces the Shore Building elevator. The elevator has reached the end of its useful life.	

2016-17 Repair and Renovation Reserve

Recommended Project List

	Allocation
District Steam Improvements - New 15 PSI Steam Reducing Station - Capitol Loop	507,000
This project installs new pressure reducing station at underground vault located at Jones & Blount St to allow Executive Mansion to be supplied by 15 psi steam line in lieu of the 100 psi steam line. This new pressure reducing station will provide for a redundant steam feed to all of the buildings on the Capitol Loop.	
District Steam Improvements - Replace Steam and Condensate Lines along Jones St	550,000
This project will install new steam lines, new steam condensate lines, and new steam tunnel cover. The current piping is deteriorated and causing steam condensate leaks.	
Art Museum (East Bldg.) - Roof Replacement	2,129,000
This project replaces the Museum of Art's East Building roof.	
Old Textbook Warehouse - Fire Alarm System Replacement	85,000
This project replaces the Old Textbook Warehouse Fire Alarm System.	
Deck 77 Barrier cable repair	145,000
This project will replace barrier cabling for Parking Deck 77 (Green Square Deck) and add in floor drains for underground areas to remove rain water.	
DOA 2016/17 Urgent Repairs	180,000
This project creates a reserve within the Department of Administration to fund urgent repairs that occur within the Fiscal Year.	
Caswell Bldg. HVAC Renovation - Supplement	280,000
This project provides a supplement to Caswell Building HVAC system renovation project. The project replaces HVAC systems that are over 30 years old. The project received \$1,230,000 in Repairs and Renovations funds in FY 2015-16. The total project funding is \$1,510,000.	
Old Education Building - HVAC Control Interface	24,000
This project replaces the building automation system communications interface for the Old Education Building.	
State Records Center - Elevator Replacement - Supplement	172,000
This project provides a supplement for the State Records Center elevator project. The project received \$317,000 in Repairs and Renovations funds in FY 2015-16. The total project funding is \$489,000.	
Crime Lab HVAC Renovation - Supplement	222,000
This project provides a supplement for the Garner Road State Crime Lab HVAC improvement project. The project will replace failing valves. The project received \$1,836,500 in Repairs and Renovations funds in FY 2013-14. The total project funding is \$2,058,500.	
Cooper Building - Water Proofing - Supplement	201,000
This project provides a supplement for the Cooper Building Water Proofing improvement project. The project will provide water proofing to the foundation level of the building. The project received \$58,843 in Repairs and Renovations funds in FY 2014-15. The total project funding is \$259,843.	
Archives and History Renovation and Remodel Supplement	600,000
This project provides a supplement for the renovation of the State Archives and History Building renovation and remodel project. The Department of Administration received \$600,000 for this purpose in the 2016 Appropriations Act. The total project funding available is \$1,200,000.	
Administration Total \$	6,884,000

Environment Quality

2016-17 Repair and Renovation Reserve

Recommended Project List

	Allocation
Reedy Creek Complex HVAC Controls, DDC, BMS, VAV Box Upgrades	265,200
Currently the Reedy Creek Complex is undergoing the replacement of aging boilers and air handling units in two of the complex's three buildings. This project funding will be used to renovate the remainder of the heating and cooling and control systems to take advantage of the higher efficiency boilers and air handlers.	
HVAC Controls System Upgrade and Stand By Generator	417,000
This project funding at the Division of Marine Fisheries is to reduce energy consumption and improve HVAC controls. The project also includes an electrical load study to ensure code compliance and provide a standby generator to support campus functions during periods of severe inclement weather and power outages.	
Roof Replacement Reedy Creek Complex-Chemistry Lab- 4405	200,000
Several buildings in the DWR Complex are in need of roof replacement due to the age of the buildings. The Chemistry Lab building has had more problems with the roof than the other two buildings in the complex and is in greater need of replacement. This project will fund roof replacement at the Chemistry Laboratory building.	
Roof Replacement Maintenance Building	209,000
The roof of the Maintenance Building is nearing its life expectancy and has been repaired in recent years. This project will fund roof replacement at the Maintenance Building.	
Maintenance Building Addressable Fire Alarm System	40,250
This project will replace the existing fire alarm system within the Maintenance Building. This is required to allow for the Maintenance building to communicate with the campus fire alarm control panel recently installed at the Main Building Complex.	
Environment Quality Total \$	
	1,131,450
Health & Human Services	
Kitchen -Dining Renovations (Additional Funding)	750,000
This project funds the complete renovation of the kitchen and dining area at Longleaf Neuro-Medical Treatment Center.	
ADA, Life Safety & Building Upgrades	450,000
This project funds general repairs and renovations at the Wright School, including replacing egress doors, adding provisions for better accessibility, adding a sprinkler system, replacing the roof and upgrading the electrical system.	
Elevator Upgrades in Aiken (Additional Funding)	263,000
This project funds the upgrade of two elevators in the Aiken building at John Umstead Hospital. The project received \$185,000 in FY2014-15 Repair and Renovation funds. The total amount of funding available for this project is \$448,000.	
Moran ADA & LSC Upgrades (Additional Funding)	119,000
This project funds ADA and life safety upgrades at Broughton Hospital's Moran building, including elevator repairs, and door and bathroom renovations. The project received \$440,000 in FY2015-16 Repair and Renovation funds. The total amount of funding available for this project is \$559,000.	
Conference Center Fire Alarm Upgrades (Additional Funding)	138,000
This project funds fire alarm upgrades at Cherry Hospital. The project received \$249,000 in FY2015-16 Repair and Renovation funds. The total amount of funding available for this project is \$387,000.	

2016-17 Repair and Renovation Reserve

Recommended Project List

Allocation

ELC-1 Building System Upgrades

5,223,000

This project funds renovation of O'Berry Neuro-Medical Treatment Center's ELC-1 Building, including window replacements, a fire alarm and sprinkler system, and HVAC and electrical upgrades. This project is subject to a consultation with the Joint Legislative Commission on Governmental Operations.

Patient Door Modifications

201,000

This project funds the upgrade of patient room doors at Central Region Hospital to bring the doors into compliance as smoke rated.

Demolition of Austin Building

378,000

This project funds asbestos removal, demolition, grading, and seeding of the Austin Building site at Caswell Development Center.

Bathroom Safety Modifications & Renovations

97,000

This project funds the upgrade of bathroom faucets in all patient areas to antilugature fixtures and bathroom floor repairs.

DOI & Life Safety Compliance

250,000

This project funds compliance corrections at Broughton Hospital, including sprinkler systems for building attics, fire and smoke alarms, and exit stairwell corrections.

Acute Unit Canopy Installation

125,000

This projects funds the construction of a canopy structure at the Acute Care Unit entrance at the Julian F. Keith Treatment Center.

BOC 205-A Upgrades

190,000

This project funds asbestos abatement, and carpet, ceiling, and lighting replacement at the Murdoch Development Center's BOC 205-A building.

Elevator Upgrades in Cathell

257,000

The project funds an elevator modernization at the Cathell Building at the John Umstead Campus, as well as an HVAC upgrade for the machine room and a fire alarm replacement in the lobby.

Elevator Installation at Administration Building

415,000

This project funds the construction and installation of a 4000-lb, 2 stop, hydraulic passenger elevator at the administration building at the Murdoch Development Center.

Health & Human Services Total \$ 8,856,000

Public Safety

Elevator Repair/Renovation/Replacement at Piedmont CI

543,200

This project will fund phase I of a major elevator replacement and renovations at Piedmont Correctional Institution. Two of the four elevators in the 11 story high rise building are inoperable, the other two need to be overhauled and modernized and two others in the 2 story low rise building are in need of major repairs/renovations. Funds awarded now will be used to address two elevators in the high rise and one in the low rise building. It is anticipated that \$543,110 will be made available in the 2017 R&R funding to complete Phase II.

Shower and Bathroom Repair at Caledonia CI

200,000

This project will fund repairs at showers and bathrooms in several buildings at the Caledonia Correctional Institution. Repairs include plumbing repairs at bathrooms that are currently out of service and replacement of damaged tile surfaces with an epoxy resin finish. Some of the work will be done by Central Engineering, substantially reducing costs.

2016-17 Repair and Renovation Reserve

Recommended Project List

	Allocation
SBI/SHP - Renovate perimeter security & vehicle access control @ Garner Rd campus	1,483,500
The perimeter of the Garner Road campus that houses the State Bureau of Investigation, State Highway Patrol, and other Public Safety partners, is not protected against intrusion by pedestrians or vehicles. This project funding will provide a perimeter security fence, security gates, and road improvements.	
SHP/SBI Roadway and Access at Garner Road Campus	942,800
This project will complement the Security Fencing for the Garner Road campus. These funds will be used to extend a new access road to the rear of the property to allow trucks and buses to enter the campus without having to drive over curbs on the current narrow streets. Sidewalks will be repaired or replaced; lights will be replaced or added to improve visibility and security; storm water and drainage issues will be addressed; the existing fire protection system will be replaced; and cross streets and parking areas will be paved.	
SHP/SBI - Partial site infrastructure rehabilitation - Garner Rd. Master Plan Strategy	2,057,300
This project will complement the Security Fencing (#3) and Roadway and Access (#4) for the Garner Road campus. These funds will be used for sidewalks to be repaired or replaced; lights will be replaced or added to improve visibility and security; and additional parking areas will be addressed. As additional funding becomes available, storm water and drainage issues will be addressed; the existing fire protection system will be replaced; and cross streets and parking areas will be paved.	
Fire & Life Safety Systems	127,700
This project addresses fire safety upgrades, improvements and installations at various North Carolina National Guard (NCNG) locations statewide. These locations are slated for long term retention in the State inventory to support the mission of the NCNG. Request is made based on a site average of one site for each of 2017-18 and 2019-20 and then two sites for each of 2020-21 and 2021-22. Funding will be 75% Federal (\$95,716) and 25% State funds (\$31,906).	
Removal of Asbestos, Lead Paint and other contaminants	300,000
This project provides funding for removal of contaminants such as lead-based paint, lead-contaminated firing ranges, asbestos containing materials, mold, and underground fuel storage tanks at NCNG locations statewide	
Update Fuel Facilities and Fuel Dispensers	449,100
This project provides funding to replace obsolete fuel dispensers used at State Highway Patrol fuel facilities with reliable, weather proof, electronic, lighted equipment that is compatible with equipment used by DOT throughout the state.	
Energy Efficiency Improvements to achieve high ROI sustainable cost reductions	150,000
This project will provide funding for energy efficiency improvements to reduce operating costs at DPS facilities statewide. Examples of projects completed include conversion from propane to natural gas; changes in light fixtures to lower energy LED; and replacing HVAC systems and their electronic control components. Projects were funded at \$425,000 in 2012 and in 2015 at \$150,000.	
Public Safety Total \$	
	6,253,600
Commerce	
Well House Pipe Repairs	87,200
This project will fund the repair of corroded water system pipework, including portions of pipe entering the ground. The total amount of funding available for this project is \$87,200.	
Commerce Total \$	
	87,200

Information Technology

2016-17 Repair and Renovation Reserve

Recommended Project List

Allocation

Lighting Re-lamp - 3700 Building

858,200

This project funds the completion of a lighting system upgrade, including replacement of ceiling cabling. This project received \$778,000 in Repairs and Renovations funding in FY 2013-14. The Department of Information Technology will reallocate \$163,800 in funds from existing Repairs and Renovation projects to meet the project budget. The total amount of funding available for this project is \$1,800,000.

Information Technology Total \$ 858,200

Natural and Cultural Resources

Roanoke Island Aquarium Boiler & HVAC Controls Replacement, Cooling Tower Repairs

597,000

This project would replace a non-functional boiler, a second failing boiler, and eliminate obsolete pneumatic controls for the HVAC systems throughout the building.

Roanoke Island Aquarium Generator & Emergency Switch Replacement

1,208,000

This project funds the replacement of emergency generator switchgear to bring the configuration into code compliance. This projection also funds the replacement of the existing diesel generator with two new generators.

Tryon Palace Main Building Roof Repair- Supplemental Funding

85,000

This project funds the replacement of the Tryon Palace main building roof. This project received \$232,000 in Repairs and Renovations funding in FY 2014-15. The total amount of funding available for this project is \$317,000.

Roanoke Island Aquarium Roof Repairs - Supplemental Funding

44,000

This project funds the completion of roof repairs at the Roanoke Island Aquarium. These funds supplement \$150,000 from the Aquarium's reserve fund. The total amount of funding available for this project is \$194,000.

Natural and Cultural Resources Total \$ 1,934,000

GRAND TOTAL \$ 33,738,500

Availability \$ 33,738,500

Balance \$ 0