

Capital Budget Terminology

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| Alternate Financing Analysis | This is a financial analysis of different ways to acquire or provide land or facilities for agency programs through lease, purchase, lease-purchase, state construction, developer contract, certificate of participation, or some other financing technique. A standard analytical tool (computer model) has been developed to accomplish this analysis. This computer model requires identification of all costs incurred under each financing approach to be reviewed, and presents summary calculations in both cash flow and discounted present value terms using a life-cycle costing methodology. |
| Building Renewal / Remodel / Renovation | Improvements to facilities costing less than \$1 million to prevent deterioration and maintain use of the building. |
| Construction Manager | The CM is an owner representative that manages and monitors contractor progress. The CM maintains job records, evaluates changes to the contract, manages the construction schedule, resolves construction issues and reports on the status of the work. |
| Deferred Maintenance | Ordinary maintenance activities left unperformed due to a lack of resources or perceived low priority. |
| Economic Life | The period of time, extending from the date of installation to the date of retirement for the intended facility, over which a prudent owner expects to retain the property. |
| Improvement | A legal term referring to anything erected on and affixed to land (e.g., buildings, roads, fences, and services), which legally becomes part of the land, according to common law and statutory definition. |
| Life-Cycle Cost Analysis | A mathematically based analysis that evaluates costs of decisions over time. Multiple options can be compared using discounting and present value to indicate the most economical option. Life-cycle analysis usually spans 25 to 50 years. |
| Major Projects | Those projects that cost \$5 million or more, or contain significant technology or other complicating/cost factors that justify completion of a predesign. that is reviewed and approved by OFM before moving forward in design and construction. |
| MACC (Maximum Allowable Construction Cost) | The budgeted cost of actual construction activities, the MACC represents the anticipated bid cost for a project. The MACC is used to establish the fee for the design consultant and set controls for project cost that the designer is expected to achieve. |
| Owner | The agency or university causing work to be performed. |
| Predesign | A formal process to establish basic program, technical, schedule and cost parameters upon which a budgetary review and recommendation is based. The process and contents of a predesign study are detailed in a publication available from the Office of Financial Management. |
| Preservation Project | Projects which maintain and preserve existing state facilities and assets, and do not significantly change the programmed use of a facility. Examples would include roof replacement and exterior renovation, utility system upgrade, repairing streets and parking lots. |
| Program Projects | Projects which are intended to accomplish a program goal such as changing or improving the use of existing space, or creating a |

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| | new facility or asset through construction or purchase. These projects may have a major impact on future operating budgets. |
| Programming | The work necessary to define the functional relationships and use of a project, conduct master planning, and outline the special requirements of the contemplated project. This is generally part of the earliest work accomplished by the designer. |
| Reappropriation | Unspent legal authority for expenditure from the current biennium that is reauthorized for expenditure in the upcoming biennium so progress on the project can continue. |
| Schedule of Values | A listing of cost by construction category on a month to month basis provided by the contractor showing the value of scheduled work. The schedule of values is used to base the amount of payment to the contractor. |
| Subcontractor | The subcontractor performs trade work for a contractor as defined in the prime contract between the same contractor and an owner. |