# Major Repairs and Rehabilitation Program Guidelines

The Major Repairs and Rehabilitation (MRR) program is a capital renewal program for state-owned facilities of the University System of Georgia (USG). The program is designed to help the USG maintain its physical plants, facilities, and infrastructure. This program was developed by the State of Georgia and the Board of Regents of the University System of Georgia (BOR) to address the needs of the state's rapidly expanding, aging, and highly used facilities. The program is administered by the USG Office of Real Estate and Facilities.

MRR allocations are guided by a formula which evaluates the current replacement value and age of Resident Instruction (RI) space. To continually ensure that the funds are distributed as intended, the MRR allocation formula is periodically reviewed and modified as needed to adjust to changing conditions. Unique circumstances of each institution are considered in evaluating funding requests.

Funding for MRR projects currently is provided via state-issued General Obligation (GO) Bonds. Expenditures for MRR projects must be submitted to the Georgia State Finance and Investment Commission (GSFIC) for reimbursement from the bond proceeds. As such, only those expenditures which qualify for bond fund reimbursement should be submitted to GSFIC. Because of this funding arrangement, the annual system-wide MRR project portfolio must demonstrate at least a 20-year estimated service life.

**Project Identification**

A MRR project differs from other maintenance projects because it is identified for renewal needs. MRR projects may include specific deferred maintenance tasks, but MRR funds are not intended to provide for routine, preventive maintenance requirements—this type of effort should be accomplished as a specifically identified Maintenance and Operations (M&O) project. Additionally, MRR projects may involve the rehabilitation of existing space if it is required to meet enrollment or curriculum needs. MRR funds may also be used to renovate existing space to provide swing space as part of a larger repair or rehabilitation project.

Since MRR projects are intended to aid in campus renewal, several quantitative and qualitative assessments are integral to the development of an institution's MRR project needs:

- Facilities Condition Assessments (FCA) help identify areas where facilities may be aging prematurely such that the full useful life of the facility may be in jeopardy and capital projects are needed to correct these deficiencies to assure that the full useful life of the facility is attained.
- Campus Master Plans identify the future configuration and capital make-up of a campus such that the goals of the institution can be attained. While MRR funding cannot be used for new capital construction or demolition of existing facilities, knowing the future configuration of the campus is necessary to assure that MRR investments are made in facilities that will remain integral to the campus.
- Programmatic Assessments provide guidance for the future academic direction of the institution. While many MRR projects are necessary regardless of the facility use, i.e.

roof replacements, structural repairs and infrastructure replacements; renovation projects within a facility should take into account the current and future programmatic function of facilities.

- An Institutional Renewal Plan is a continuously-updated list of renewal projects needed in the next 3 to 5 years to keep critical infrastructure and facilities in functional condition to support the academic needs of the institution. An up-to-date Institutional Renewal Plan should be the catalyst for annual MRR funding requests.

**Project Eligibility**

Only state-owned, RI space and associated campus infrastructure is eligible for MRR funding. Construction of new space is not eligible for MRR except in situations where new space is required for replacement building systems equipment. Portions of new infrastructure construction which improve the reliability of existing infrastructure may be considered for MRR funding. Projects in facilities which are shared by auxiliary or other non-RI space should demonstrate cost sharing between the MRR funds and other institutional funds. In general, projects in the following facilities are **ineligible** for MRR funding:

  - Parking Lots and Decks
  - Residence Halls
  - Athletic Venues
  - Auxiliary Enterprise space

**Project Submission**

Each year, the USG Office of Real Estate and Facilities will request a prioritized list of projects on each institution's Institutional Renewal Plan to be considered for the annual MRR funding request. It is important for USG institutions to present a comprehensive listing of these needs as this demonstrates the continued need for this funding.

While submission formats will be specified each year, in general the following information must be provided with each project:

- Project Name – should be descriptive of the work and location. If the project must be phased, the name should indicate the full scope of both the requested project and ultimate effort, i.e. "Campus Steam Lines Replacement – Phase I of IV"
- Project Budget – should include all required costs to accomplish project, including but not limited to: design, construction, regulatory and other support costs
- Facilities Affected – Building Names, Campus Areas, etc.
- Estimated Service Life – indicate the expected life of the project:
  - Less than 5 yrs
  - Between 5 and 10 yrs
  - Between 10 and 15 yrs
  - Between 15 and 20 yrs
  - Between 20 and 30 yrs
  - Between 30 and 50 yrs

    - Greater than 50 yrs

- Building or Campus System – identify which of the following primary building or campus system is most associated with the project:

    1. Access Control and Campus Safety
    2. Building Structure and Envelope
    3. Hardscape, Streets and Drainage
    4. Electrical
    5. Interior and Finishes
    6. Renovation and/or Change of Use
    7. HVAC
    8. Roofing
    9. Regulatory
    10. Utilities
    11. IT
    12. Elevator

- Supporting Documentation – formal assessment reports and plans, as described above, with associated cost estimates for proposed projects demonstrate a well-planned project and will increase the likelihood of funding.

In general, all submitted projects should fall within an institution's delegated authority for contracting, however, in cases where a particular project exceeds that threshold, special approval can be requested for campus contract administration.

**Project Authorization**

The USG Office of Real Estate and Facilities will compile institutional MRR requests into a portfolio of projects matching the level of funding identified in the approved State Budget. This project portfolio will be presented to the BOR for authorization and funding on a schedule consistent with the availability of the bond proceeds.

**Project Completion**

After project authorization by the BOR, specific instructions will be provided to each USG institution related to the scope and procedures for reimbursement of MRR funds. After an institution has received full reimbursement of all expenditures from a GSFIC bond group, a report showing the amount of expenditure for each State Property Asset must be submitted to the USG Office of Real Estate and Facilities.

**Residual and Redirected Funds**

Residual funds, balances remaining from completed MRR projects, may be used to augment other projects (funded or unfunded) in the authorized MRR project portfolio. No additional approval is necessary unless the residual funding from any project exceeds $ 100,000.

Redirected funds, those balances due to the reprioritization of the MRR portfolio or where project scopes are substantially changed, may also be used to augment other projects in the MRR portfolio. <u>Prior approval from the USG Office of Real Estate and Facilities is required before the commitment of any redirected funds.</u>

Any proposed use of MRR funds for projects not listed on an authorized MRR portfolio must receive authorization from the USG Office of Real Estate and Facilities before implementation.

**Spending Requirements**

Because MRR reimbursements are subject to tax-free bond arbitrage requirements, it is imperative that reimbursements are made in a timely manner. Therefore, the following targets have been established to assure the MRR portfolio of projects meets established parameters:

1. 5% of funds must be encumbered within 6 months after funding provided
2. 95% of funds must be encumbered within 12 months after funding provided
3. 90% of funds must be reimbursed within 24 months after funding provided
4. 100% of funds must be reimbursed within 36 months after funding provided

Institutions lagging in any of these areas are subject to having funding returned back to the System Emergency/Contingency Reserve account.

**System Emergency/Contingency Reserve**

An amount between 3 and 5 percent of the annual system-wide funding will be held by the USG Office of Real Estate and Facilities in a central account to aid institutions with emergency capital repairs. Institutions may request this funding for emergency needs that meet the definition of MRR eligible projects. Additional criteria, such as 1) Current level of unreimbursed MRR funding, 2) Record of prior Emergency MRR awards, 3) Equity across other USG institutions, and 4) Other factors; will be used when evaluating Emergency MRR requests. From time to time, other system-wide initiatives may be identified that require similar funding hold-back.

*Effective date of these guidelines is 8/20/2014*