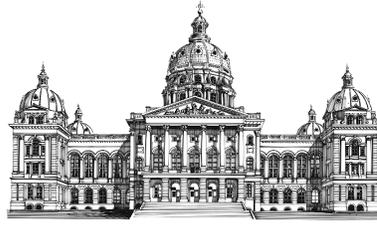

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Vertical Infrastructure Definition

ISSUE

Review the differences in interpretation of the statutory definition of vertical infrastructure as it relates to the expenditures from the Rebuild Iowa Infrastructure Fund and specific instances where legislators have expressed concerns regarding expenditures from the Fund.

AFFECTED AGENCIES

State agencies receiving funding from the Rebuild Iowa Infrastructure Fund.

CODE AUTHORITY

Section 8.57(5)(c), Code of Iowa, Definition of Vertical Infrastructure

BACKGROUND

During the 1996 Legislative Session, the General Assembly passed HF 2421 (FY 1997 Transportation and Infrastructure Appropriations Act) establishing the definition of vertical infrastructure that placed restrictions on the use of moneys from the Rebuild Iowa Infrastructure Fund. The Act made the definition effective beginning in FY 1998. The definition is listed below:

Moneys in the fund in a fiscal year shall be used as directed by the General Assembly for public vertical infrastructure projects. For the purposes of this subsection, "vertical infrastructure" includes only land acquisition and construction, major renovation and major repair of buildings, all appurtenant structures, utilities, site development, and recreational trails. "Vertical infrastructure" does not include routine, recurring maintenance or operational expenses or leasing of a building, appurtenant structure, or utility without a lease-purchase agreement. However, appropriations may be made for the fiscal years beginning July 1, 1997, and July 1, 1998, for the purpose of funding the completion of Part III of the Iowa Communications Network.

All expenditures from the Rebuild Iowa Infrastructure Fund must comply with the above definition unless language is added to the legislation that specifically notwithstanding the appropriation from the definition.

Since the inception of the definition, there have been differences of opinion between some State agencies and members of the General Assembly as to what constitutes an eligible expenditure from the Rebuild Iowa Infrastructure Fund. The definition includes the terms “major renovation” and “major repair” as eligible expenditures and also includes “routine, recurring maintenance” and “operational expenses” as prohibited expenditures.

Because the terms used in the definition are not further defined in the Code of Iowa, a State agency receiving an Infrastructure Fund appropriation may interpret the meaning of the terms differently than the policy makers responsible for oversight.

LEGISLATIVE CONCERNS

The following are instances where legislators have expressed concern over the expenditure of certain appropriated funds from the Rebuild Iowa Infrastructure Fund.

Project Management Services

The Department of General Services uses Rebuild Iowa Infrastructure Funds to fund approximately 40.0% of the Design and Construction Division’s operating budget. In FY 1999, the Department established a billing procedure to cover a portion of staff salaries for providing project management services through the Division for infrastructure projects. The Department collects receipts on a fee-for-service basis for work performed on individual infrastructure projects. In FY 2000, the Department collected \$432,085 from projects funded from the Rebuild Iowa Infrastructure Fund.

Although the definition prohibits the use of Rebuild Iowa Infrastructure Funds for operational purposes, the Department views project management services as part of the construction and renovation process and, therefore, should be included as an eligible expense from the Fund.

Vertical Infrastructure Program

The Department allocates funding for personnel to manage the State Facility Inventory and Assessment Database and to coordinate the Governor’s Vertical Infrastructure Advisory Committee. The Department allocated \$160,500 in FY 2000, from the \$7,500,000 major maintenance appropriation, for two contract employees and support costs (facilities engineer and secretary), and for travel and related costs associated with the Vertical Infrastructure Advisory Committee. In FY 2001, the Department has allocated \$225,000 from the major maintenance appropriation of \$10,500,000 for these purposes.

The use of Rebuild Iowa Infrastructure Funds for the above purposes could be viewed as operational in nature and therefore, not in compliance with the definition of vertical infrastructure. In addition, no authorizing language was provided in Session Law to authorize the expenditure of maintenance funds in this manner. Conversely, the Vertical Infrastructure Program was established to coordinate and support the statewide infrastructure maintenance program and the five-year capital project planning process all of which could be viewed as necessary for the effective implementation of infrastructure projects.

Software Upgrades

In April of 2000, the Department purchased a software upgrade for monitoring building maintenance in the amount of \$88,000 from the FY 2000 major maintenance appropriation. The system is used for tracking the effectiveness of maintenance expenditures and for establishing an automated system for scheduling maintenance tasks for State facilities.

Although this system is used for implementing maintenance improvements, the definition does not address technology enhancements as an eligible expenditure from the Rebuild Iowa Infrastructure Fund.

Smoking Huts

The Department constructed two smoking huts adjacent to the Hoover Building in FY 2000 at a cost of \$30,594. The smoking huts were constructed to improve the air quality and the appearance of the ground around the entrances of the Building. The Department used the FY 2000 major maintenance appropriation to fund the construction.

While the construction of the smoking huts was not a violation of the definition, it is unclear whether or not the project fits within the scope of the language in Session Law that appropriated the funds for major maintenance purposes. The Session Law language reads as follows:

Section 4.1, House File 772 (FY 2000 Infrastructure Appropriations Act)

For major renovation and major repair needs including health, life, and fire safety, for compliance with the federal Americans with Disabilities Act for state-owned buildings and facilities:

FY 1999-2000\$7,500,000

Planning and Studies

Another area related to the implementation of infrastructure projects that is not addressed by the definition of vertical infrastructure are costs associated with conducting studies and project planning. In some instances project planning and infrastructure studies are viewed as an operational expense, while in other instances the studies may be viewed as an integral part of the construction process.

VERTICAL INFRASTRUCTURE ADVISORY COMMITTEE DEFINITIONS

The Governor’s Vertical Infrastructure Advisory Committee has adopted definitions for routine and major maintenance for the purpose of prioritizing and distributing appropriated funds to State agencies. Furthermore, the Committee provides specific examples of what constitutes routine and major maintenance projects.

The Committee’s definitions are not necessarily in conflict with the vertical infrastructure definition; however, they should be reviewed by the Legislature to ensure consistency with legislative intent. The definitions are listed below.

Routine Maintenance

Expenditures made for the regular upkeep of physical properties (i.e., land, buildings, and equipment) including recurring, preventive and on-going maintenance necessary to delay or prevent the failure of critical and non-critical building systems and equipment. For purposes of this definition, building operational costs are not considered routine maintenance.

Major Maintenance

Expenditures made beyond the regular, normal upkeep of physical properties (i.e., land, buildings, and equipment) for the repair or replacement of failed or failing building components as necessary to return a facility to its currently intended use, to prevent further damage, or to make it compliant with changes in laws, regulations, codes or standards.

Attachment A includes selected pages from the Vertical Infrastructure Advisory Committee's Strategic Plan that address the definitions of routine and major maintenance. The Strategic Plan includes specific examples of projects to assist the Committee in making funding allocation decisions.

ALTERNATIVES

The Legislature may wish to consider the following alternatives in order to clarify the intended use of Rebuild Iowa Infrastructure Fund appropriations.

- Leave the current definition intact.
- Clarify legislative intent by further defining the terms used in the definition (e.g., major repair, routine maintenance, appurtenant structure).
- Clarify legislative intent by reviewing the definition as stated above, and change the definition to provide expanded uses of the Fund as well as specific uses that should be prohibited. Areas the Legislature may wish to address in the definition include expenditures for planning purposes, salaries and administrative support costs associated with project management services provided by State and contract employees, purchase of software for administration of facility maintenance systems, building furnishings, restoration and development of building grounds, and parking lot construction and repairs.
- Coordinate changes to the definition of vertical infrastructure and the definitions developed by the Vertical Infrastructure Advisory Committee for routine and major maintenance. The Legislature may want to consider revising the definition of vertical infrastructure so that common terminology is used by the Legislature and the Vertical Infrastructure Advisory Committee.

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Strategic Plan of Action for Preserving Iowa's Buildings and Monuments

Routine Maintenance Definition

**Routine Maintenance Definition
Overview**

Routine Maintenance, also known as preventive, preventative or cyclical maintenance, is an essential part of the on-going care and upkeep of any building.

**Routine Maintenance Definition
Topics**

This section includes the following topics:

FY2001 Appropriations Language	1
Routine Maintenance Definition	2
Examples of Routine Maintenance.....	2
Specific Examples of Routine Maintenance.....	3
Building Operations Not Included	4

FY2001 Appropriations Language

The FY2001 appropriation language reads as follows:

*"For routine maintenance of state buildings and facilities under the purview of the department [of general services], notwithstanding section 8.57, subsection 5, paragraph "c" [of the Code of Iowa]:
..... \$2,000,000."*

"The department [of general services] shall quarterly file a report with the legislative fiscal bureau detailing the use and disposition of funds appropriated in this subsection."

Strategic Plan of Action for Preserving Iowa's Buildings and Monuments
Routine Maintenance Definition

Routine Maintenance Definition

For the purpose of this appropriation, Routine Maintenance shall be defined as follows:

Expenditures made for the regular upkeep of physical properties (i.e. Land, Buildings, and Equipment) including recurring, preventive and on-going maintenance necessary to delay or prevent the failure of critical and non-critical building systems and equipment. For purposes of this definition, building operational costs are not considered routine maintenance.

Examples of Routine Maintenance

Examples of Routine Maintenance include:

- Filter changes
- Painting
- Re-roofing
- Equipment change-out
- Caulking
- Sealing
- Minor repair of components
- Upgrades of components, or
- Other activities planned and performed at regular intervals normally established by manufacturers or associations and based on testing or other evidence indicating the maintenance work is necessary to extend the life or prevent the premature failure of building components or equipment.

Intervals for Routine Maintenance can be as frequent as several times a day or longer than a decade.

Specific Examples of Routine Maintenance

Specific examples of Routine Maintenance include:

- Parking lot upkeep
- Cracked sidewalk repairs
- Limited asbestos removal (associated with other routine maintenance work)
- Client damage when the responsible party cannot be billed
- Routine tuck pointing
- Preventive exterior siding replacement
- Repair or replacement of broken windows and doors
- Faulty lock replacement
- Replacement floor tile/carpeting
- Replacement compressors
- Steam expansion joint replacement
- Plumbing repairs
- Replacement of faulty lights/fixtures/wiring
- Upkeep and upgrades of alarm detector/surveillance and energy management systems
- Cost of chemicals, etc., required to perform preventative maintenance, e.g., for boilers
- On-going contracts for preventative maintenance, e.g., elevator contracts and chiller contracts
- Specialized cleaning supplies, e.g., diamond tipped cleaning tools and jewelers' rouge for marble floors
- Improvements to and upkeep of grounds such as new sections of sidewalks necessary to prevent damage to lawns or replacement plantings, particularly if the plantings have been donated
- Preventive maintenance items identified in RSMeans Facilities Maintenance & Repair Cost Data 2000, Pages II-1 through II-173.

Additional items not listed may be included upon mutual agreement between the agency involved, the Department of General Services and the Iowa Vertical Infrastructure Advisory Committee.

Building Operations Not Included

For the purpose of this appropriation, custodial services and other day-to-day activities required for the daily operation of a building or facility are considered Building Operations and are not eligible for Routine Maintenance funding. Examples of Building Operations include:

- Costs of cleaning facilities.
- Costs of obtaining elevator permits, other permits and licenses.
- Normal operation of boilers, chillers, generators, water softeners and other equipment.
- Inspections of fire alarm and sprinkler systems, elevators and security systems
- Other items related to the day-to-day operations of a facility.
- Actions to reduce utility consumption
- General maintenance items identified in RSMMeans Facilities Maintenance & Repair Cost Data 2000, Pages III-1 through III-11.

Any questions or disputes on distinctions between Building Operations and Routine Maintenance will be resolved upon mutual agreement between the agency involved, the Department of General Services and the Iowa Vertical Infrastructure Advisory Committee.

Strategic Plan of Action for Preserving Iowa's Buildings and Monuments

Major Maintenance Definitions

**Major Maintenance Definitions
Overview**

Major Maintenance refers to renovation and repair of building components and systems, as defined in this section.

**List of Major Maintenance
Definitions Topics**

This section includes the following topics:

FY2001 Appropriations Language	1
Major Maintenance Definition	2
Vertical Infrastructure Committee Priorities	2
Examples of Major Maintenance.....	3
Projects Not Considered Major Maintenance	4
Capital Projects.....	4
Capital Project Examples	4
Emergency Repair Definition.....	5
Examples of Emergency Repairs.....	5

FY2001 Appropriations Language

The FY2001 appropriation language for Major Maintenance reads as follows:

*For major renovation and major repair needs including health, life, and fire safety, for compliance with the federal Americans With Disabilities Act for state-owned buildings and facilities:
FY 2000-2001:\$10,500,000.*

Strategic Plan of Action for Preserving Iowa's Buildings and Monuments
Major Maintenance Definitions

Major Maintenance Definition

The Iowa Vertical Infrastructure Advisory Committee has developed the following definition for Major Maintenance:

Expenditures made beyond the regular, normal upkeep of physical properties (i.e. Land, Buildings, and Equipment) for the repair or replacement of failed or failing building components as necessary to return a facility to its currently intended use, to prevent further damage, or to make it compliant with changes in laws, regulations, codes or standards.

Vertical Infrastructure Committee
Priorities

The Vertical Infrastructure Committee has established broad priorities for accomplishing vertical infrastructure work across the state. These priorities will serve as the basis for evaluating and ranking project requests, including Major Maintenance Project requests. In order, the priorities are as follows:

- 1) Emergency repairs shall be funded first, provided they are necessary to preserve the lives, health and safety of citizens, residents, state workers and visitors to state facilities.
 - 2) Projects already funded **and** underway shall be funded next if interruption of the work would result in an incomplete project or is otherwise fiscally imprudent. In the future, multi-year project requests should be evaluated carefully in terms of their impact on other possibly more critical funding requests.
 - 3) Non-emergency repairs shall be funded next. These are generally deferred maintenance projects, including those projects generally referred to as major maintenance projects, which do not pose an immediate life safety threat to the users but which are resulting in exponential damage to the structure.
 - 4) Renovation work shall be funded next provided the renovation work is not for purely aesthetic or functional reasons. Repairs to alleviate life safety issues or exponential damage shall be an integral part of the renovation work.
 - 5) New construction shall be considered next if replacement of an existing facility is more cost
-

effective than repairs to alleviate life, health and safety issues or exponential damage.

Examples of Major Maintenance

Examples of Major Maintenance projects include:

- Repair or replacement of components such as
 - Roofs
 - Boilers
 - Windows
 - Generators or
 - Utility distribution systems
 - Additions or changes to safety systems such as
 - Fire alarms
 - Fire sprinklers
 - Fire exits or
 - Security systems
 - Necessary changes to facilities to meet regulatory requirements of the
 - Americans with Disabilities Act (ADA)
 - Occupational Safety and Health Administration (OSHA)
 - Environmental Protection Agency (EPA)
 - Iowa State Building Code or
 - Other applicable codes.
 - Recommended changes to facilities to meet the standards developed by organizations such as the
 - American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE)
 - Joint Commission on Accreditation of Healthcare Organizations (JCAHO).
 - Design and project management services necessary for any of the above projects
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Strategic Plan of Action for Preserving Iowa's Buildings and Monuments
Major Maintenance Definitions

Projects Not Considered Major Maintenance

Projects that will not be considered for Major Maintenance funding include:

- Capital projects (see Capital Projects in this section)
- Emergency projects eligible for other funding sources
- Routine Maintenance
- New Construction
- Adaptive Reuse
- For FY2001, projects in which the State share exceeds \$2.1 million (this represents 20% of the total appropriation).

Capital Projects

Capital projects are generally those projects

- With a cumulative cost equaling or exceeding \$250,000 **and**
- Requiring specific review and recommendations from the Governor, as defined in 8.3A of the *Code of Iowa*.

Note: Major Maintenance projects **may** exceed \$250,000.

Capital Project Examples

Examples of Capital Projects include:

- New construction
 - Adaptive reuse of existing building
 - Major repair or replacement of multiple building components.
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Emergency Repair Definition

The Department of General Services will use the following definition of emergency repair for purposes of project prioritization, funding and staffing:

An unexpected situation or sudden occurrence of a serious and urgent nature that demands immediate action either to prevent closure of a facility or a program activity within the facility; or to prevent further damage to a facility structure, building component or site system; or to prevent injury.

Examples of Emergency Repairs

Examples of emergency repairs include:

- Damage resulting from a storm, flood or fire, and in particular, damage requiring immediate attention to prevent further damage (loss of a roof) or to restore the use of a facility (loss of power, water or heat).
 - Repeated failure over a short period of time of a building component or site system requiring stop-gap measures to allow for continued use.
 - Determination by Agency or Institution staff or an independent authority of imminent failure of a building component or site system.
 - Determination by Agency or Institution staff or an outside authority of conditions creating a threat to life and safety of people utilizing a facility or portion of a facility.
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