







# Presentation Includes

- NYSERDA
- 26/27 Capital Request and SUNY BoT Action Updates
- Community College Capital Program Topics
  - Capital v Working Capital
  - Critical Maintenance v Maintenance
  - Eligible projects/components
  - IT: hardware/software coverage
  - Funding sources

<https://system.suny.edu/capital-facilities/>

<https://system.suny.edu/capital-facilities/community-college-capital-program/tools/>

<https://system.suny.edu/capital-facilities/guidance-documents/>

# NYSERDA

**New York State Energy Research & Development Authority (NYSERDA) has programs available to help your campus reduce building energy use and carbon emissions.**

Contact [cleangreencampuses@nyserda.ny.gov](mailto:cleangreencampuses@nyserda.ny.gov) for assistance

# NYSERDA Technical Assistance & Design Programs

## FlexTech

- **Covers 50%-75% of costs for projects**, ex. energy audits, feasibility studies, clean heating/community thermal network studies, energy master planning
- Funding cap 20% annual utility spend or \$500,000, whichever is less
- <https://www.nyserda.ny.gov/All-Programs/FlexTech-Program>

*NOT CAPITAL BUT USEFUL FOR FUTURE CAPITAL*

## On-site Energy Manager

- **Covers 75% costs associated with hiring a FT/PT on-site energy manager** to assess and address campus energy conditions and improvements.
- Funding cap **\$200,000** (\$100,000 for <\$1,000,000 annual energy spend)
- <https://www.nyserda.ny.gov/All-Programs/On-Site-Energy-Manager>

**NOT CAPITAL, JUST SALARY BUT BONUSES CAN BE MATCHABLE**

## Strategic Energy Management

- **Free training, planning services to identify opportunities and establish strategies** to reduce energy use & meet sustainability, environmental & carbon reduction goals
- <https://www.nyserda.ny.gov/All-Programs/Strategic-Energy-Management>

**NOT CAPITAL, MORE OPERATIONS & MANAGEMENT**

## Heat Recovery

- **75% cost coverage for opportunity assessments of heat recovery opportunities**
- Design of heat recovery systems
- <https://www.nyserda.ny.gov/All-Programs/Heat-Recovery-Program>



# Capital Request, SUNY BoT Actions

## Due Dates for 26/27 Capital Request Materials:

- **PAFs** not already submitted/needing revision - **ASAP**
- **Resolution, funding docs – ASAP, 12/15 firm deadline**
  - Inform SUNY of dates of votes, resolutions/funding materials
  - New program-related requests, additional info for DoB, SUNY BoT to back up request
    - If new program/facility, why is it needed
    - Program related stats (college/program FTEs, waiting lists, etc.)

## BoT Actions – Real Property, etc.

- Why is property needed
  - Defend need for property acquisition given enrollment trends
- Stats: College/Program (FTEs, waiting lists, etc.) to back up request
- Contact SUNY ASAP so internal depts (OCF, Counsel, CFO, etc.) can help develop requests
- Complete documentation needed before BoT action

# Capital vs. Working Capital

- **Capital** relates to property that has a useful life that extends substantially beyond current placed in service
  - Ex.- Costs incurred to acquire, construct, or “improve” land, buildings, and equipment
  - Material increases to an asset’s capacity, productivity, strength, or quality; returning a non-functional asset to its ordinary operating condition for its intended use
- **Working Capital** is considered operating expenses
  - Example – Employee salaries, utilities, *exploratory studies*, rent, postage, other costs necessary to “keep the lights on”

# Capital vs. Working Capital

## Studies must be committed to a specific project, not exploratory or informational

- If a study will likely consider a variety of different capital projects, i.e. to improve energy efficiency and the CC will choose which ones, if any, are best pursued to accomplish the objective, it will not be covered because it is considered exploratory rather than facilitating a particular capital project
- **Costs associated with a study to facilitate an actual capital project and can be directly associated with such project, may be eligible to be bond financed**
- The dividing line is between exploratory/informational studies (not bondable) and facilitative (bondable)



# Building Maintenance/Repair vs. Capital

NYCRR §602.4(d)(5): Repairs are maintenance actions to keep facility in operating condition. **Repairs do not significantly add to facility value nor prolong useful life**

- Building maintenance/repairs not covered
- Critical maintenance is allowable as capital as it substantially extends a facility's useful life

*Does this add to the value or extend the useful life of the asset/facility? Will it be required less than once every 10-20 years? If yes...*

- Use specific language to ensure all form readers understand that you have made the distinction and can attest to work being capital in nature
- Can add "All of the listed items are code compliance and safety issues and can be deemed critical maintenance." (if true 😊)

*Must be capitalized in your financial statements*

## Capital in Leased Facilities

- Lease in place before any capital expenditure
- Lease is longer than project useful life (unless project components can be removed)
- If lease term > useful life and bond-financed based on ability to remove project components, the useful life of the components should be the remaining term of the lease (without regard to any renewal options).
- If ownership reverts to college/Sponsor after a period of time
- Other items specific to the facilities and the project

***A review of all information is required before any coverage can be guaranteed***

# Vehicles and Furniture

## Eligible vehicles: Maintenance, fleet

- Used vehicles may be covered if remaining useful life of the vehicle is more than 1-year
  - No minimum useful life but needs to be reasonable given the facts (i.e., the vehicle is used)
- Commonly attributed useful lives between 5-15 yrs

## Equipment/Furniture/Finishings

- Useful life generally extends for 1+ year so it is typically capital without regard to whether it is part of a larger project

*Must be capitalized on your financial statements*

# IT/Software Eligibility

## ■ Hardware

- Costs to acquire hardware are generally capital because hardware typically is expected to last for more than 1-year.

## ■ Software

- Complicated under both State law (because software is an intangible asset) and federal tax laws
- Generally, costs associated with software can be bond-financed if (i) the software is *acquired* (as distinguished from licensed/leased), (ii) the software is *part of a larger project that includes hardware*, and (iii) costs of the acquired software are *less than 50% of the overall cost of the larger project*
- Costs for licensing, training, maintenance, and standalone software are generally not eligible to be bond-financed

*Must be capitalized in your financial statements*



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# Local Sponsor Share: Approved Sources to Leverage 50% State Share

- County capital appropriations: pay-as-you-go or bond financing, other funding as identified
- Federal/Private Grants
- Federal appropriations/member items
- Capital chargeback for students from outside the sponsor territory (\$300 max/student, billed to neighboring county)
- Fundraising/Donations and other unrestricted funds
- Non-monetary gifts which are approved by the sponsor, College Board of Trustees, and SUNY Board of Trustees

Written funding verification required (in addition to sponsor resolution)

***NOTE: State grants/other State funding cannot be local match***



# Funding Types /In-kind donations

- Items donated to Foundation, then sold – treated as cash
- Interest on reserve for capital chargebacks/capital-related funds
- Sales of equipment, scrap and excess material and other minor sales
- Insurance recoveries relating to facilities claims/capital losses
- Unclassified revenues incl. vending machine, bookstore and food-service concession income, telephone commissions (usually Foundation/FSA)
- Facility use revenue if collected funds exceed operational costs
- Services provided by the County (primarily paving and sitework)
- Non-monetary gifts approved by the sponsor, college trustees, and SUNY BoT. Previous examples (in 15 years):
  - Furniture (extension center)
  - Viticulture equipment (new program)
  - Land/buildings (several)



## Local share potentially covering ineligible costs

- Must be a substantive part of a capital project
- Local funding must not come from bond proceeds, any funding must be permitted for this use
- Ineligible costs would be covered 100% from local funding, other project components of an equivalent value 100% State costs
- Process used previously for software/IT costs, NYPA administrative costs, stale paid invoices (limited capacity)
- SUNY takes feedback from outside Tax Counsel to develop the State and local share reconciliation documents



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# **SUNY System Administration**

## **Office for Capital Facilities Leadership**

### **Community College Capital Items**

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