




DASNY

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President & CEO

Memorandum

TO: Robert Haelen
FROM: J. Matthew Moore 
DATE: May 24, 2017
RE: Eligibility of Bonding Computer Projects

This memorandum, based on the advice of our counsel, updates DASNY's March 11, 2013 memorandum. Below is a summary of qualifying and non-qualified capital costs for computer projects.

Qualifying Costs

Capital costs may include the purchase and installation of hardware, the purchase of computer software directly attributable to the project, and the internal and external direct costs incurred to develop and customize the computer software during the project development stage. Qualifying costs also include the cost of developing or acquiring computer software that allows for the access or conversion of old data by the new system, installation of the hardware and testing of the system. Qualifying costs include:

- Performance of Needs Analysis: Consultants and In-House Staff (with respect to in-house staff, it is important to maintain records of time spent working on the Project);
- Software Development (e.g. writing and testing code) (Labor costs of consultants and [provided that records are maintained documenting time spent] in-house staff);
- Non-exclusive license for the computer software that is (or has been) readily available to the general public on similar terms and has not been substantially modified (e.g., off-the-shelf software), which has a useful life of not less than 36 months from the first day of the month the computer software is placed in service;
- Software which is bundled with the acquisition of hardware;
- Hardware;
- Long term software licenses; and
- Short term software licenses used in connection with the development of the software.

Implementation Costs (Through date the project is accepted)

(This line item would include testing, installation costs; troubleshooting costs and costs of training staff that will administer the system; the work may be performed by a primary vender, consultants or in-house personnel)

Non-Qualifying Costs

Capital costs that may be funded with bond proceeds do **NOT** include costs of an administrative nature, or operational expenses including maintenance, training of staff, or fees that are incurred on a regular basis such as lease payments on hardware, software, or other equipment, license fees, internet access, telephone charges, utility costs, marketing costs, and organizational costs. Non-qualifying costs include:

- Office costs and expenses;
- Hardware maintenance (other than maintenance of hardware used to develop the software);
- Software maintenance (other than software used in the development of the software or the cost of acquiring off-the-shelf software);
- Training of End Users;
- Troubleshooting and other work performed following acceptance (however costs of substantial re-design and re-implementation to make the system operable may qualify as capital costs); and
- Annual license fees.