



Capital Renewal for BEST New School, Major Renovation & Addition Projects

BEST Capital Renewal Statute

Pursuant to 22-43.7-109(4)(d)(I)CRS: If the capital construction project involves the construction of a new public school facility or a major renovation of an existing public school facility, a demonstration of the ability and willingness of the applicant to maintain the project over time, that includes, at a minimum, the establishment of a capital renewal budget and a commitment to make annual contributions to a capital renewal reserve within a school district's capital reserve fund or any functionally similar reserve fund separately maintained by an applicant that is not a school district.

(II) As used in this paragraph (d), "capital renewal reserve" means moneys set aside by an applicant for the specific purpose of replacing major public school facility systems with projected life cycles such as roofs, interior finishes, electrical systems and heating, ventilating, and air conditioning systems.

Determining the Annual Contribution

At a minimum, each qualifying grantee must contribute \$100.00 per pupil for purposes creating their annual capital renewal reserve fund. October 1 FTE pupil counts, from the facilities that were impacted by the BEST Grant, will be used to calculate the annual contribution required. The budgeted amount shall be transferred into the grantees capital renewal fund by the end of each fiscal year. Grantees may contribute more if they so choose.

Allowable Uses

In general, capitalized fixed assets are qualifying capital renewal expenditures. Within a public school facility system these items typically include roofs, interior finishes, electrical systems, fire alarms, heating, ventilating, and air conditioning systems.

- To request authorization: The grantee will need to fill out and submit a CC-04 Capital Renewal Reserve Authorization form.

Non Allowable Uses

Routine maintenance and operations (O&M). O&M is work necessary to realize the originally anticipated life of a fixed asset, including buildings, fixed equipment, and infrastructure, to minimize downtime, and maximize the facility investment. Examples are: custodial, replacement of HVAC filters, oiling motors, mowing grass, patching roofs, replacing light fixture ballasts, etc.

New capital improvements to the facility are not allowed under the definition of capital renewal.

When in doubt remember maintenance is to maintain and repair facility systems and capital renewal is to replace facility systems at the end of their life-cycle.

Waiver from Yearly Contribution

If an applicant determines it cannot make the minimum calculated contribution to their capital renewal fund they may request a waiver from the Division. The waiver shall include:

- A narrative describing why the cost of complying with the minimum calculated contribution amount would significantly limit educational opportunities within your school district, charter school or BOCES.
- The proposed capital renewal dollar figure the grantee wishes to contribute for the following fiscal year.
- A narrative describing how they arrived at their amended capital renewal contribution amount.

Waivers must be renewed annually.