



# EMERGENCY RESERVE

## Reserve Fund Guidelines

The SBCTC has established the following parameters for use of emergency reserve funds.

### A. Definition of “Emergency”:

1. Catastrophic loss or failure\* of a building or system.
2. When a capital repair cannot be deferred into the next biennial budget cycle.
3. When work cannot be accomplished through RMI and exceeds colleges ability to respond with available minor work preservation funding.
4. When delays in repair would cause costly collateral damage.
5. When large portions of a college’s programs would be placed at risk.
6. When life safety and property risks are too high to leave un-addressed.

### B. Exclusions: SBCTC emergency funds will not be considered for purposes of:

1. Augmenting a non-emergency local-capital project.
2. Augmenting a state-funded "program" project.
3. Augmenting a state-funded "preservation" project, except under unforeseeable circumstances (e.g. extreme weather damage).
4. Constructing a repair or replacement that is deferrable to the next legislative-funding opportunity.

## Reserve Fund Assumptions

The following assumptions are the basis for the rules for allocating emergency reserve funds:

- A. Each college should be responsible for its own relatively small repairs, regardless of the degree of emergency.
- B. A portion of state funds for unanticipated repairs (URF) should be available for non-emergency use by each college.

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\* Catastrophic loss or failure often presents an immediate threat to life or property. Work to repair or restore the asset is often initiated rapidly following the request of a college president for a Declaration of Emergency by the Department of Enterprise Services. This declaration saves valuable time by justifying not using the A/E selection process or public works bidding process to ensure quick response to the problem.

- C. C. Criteria for use of SBCTC emergency funds should apply to all colleges regardless of size or URF allocation.

## Reserve Fund Allocation Formula

The allocation of emergency reserve funds, for use in conjunction with local college resources for a specific facility emergency, is based on the following:

- A. Any emergency repair costing five percent or less of the biennial URF allocation to a college will not be eligible for SBCTC emergency funds.
- B. For an emergency repair costing more than five percent of a college's biennial URF allocation, the local college will cover an amount equal to five percent of its URF allocation (a "deductible"), and the college and SBCTC shares remaining costs based on the following Table).

*Table 1: Shares of Total Cost Less Deductible*

Project	By College	By SBCTC**
For the first project	50% of cost up to 1/3 of URF dollars	Remaining costs
For the second project	50% of cost up to 1/3 of URF dollars for projects #1 and #2 combined	Remaining costs
For the third and all subsequent projects	50% of cost up to 3/8 of URF dollars for all projects	Remaining costs

- C. \*\*SBCTC will fund remaining costs within the total of "emergency pool" funds available.
- D. If construction costs of an emergency repair exceed the \$500,000, SBCTC may elect to fund the design portion of the work and seek the \$500,000 in a supplemental or biennial budget request, or through a transfer of funds by the Governor using the Infrastructure Savings Account.