

## ARKANSAS TECH UNIVERSITY BOARD POLICY

**Policy Number:** 407

**Subject:** Arkansas Tech University – Ozark Campus Infrastructure Reserve Policy

**Date Adopted:** May 2013

**Revised:** \_\_\_\_\_

The Infrastructure Reserve Policy establishes a mechanism through which funds are set aside to prepare for expenditure on infrastructure support. Property, plant and equipment require periodic repair and replacement and providing funding to be used for this purpose is critical to sound financial management. The policy outlines the procedures by which Infrastructure Reserve funds will be established, funded and managed.

### I. Establishment of Infrastructure Reserve Funds

An assessment has been conducted of campus facilities to derive Infrastructure Reserve categories. Additional Infrastructure Reserve categories may be added on an as-needed basis.

The Total Cost represents the cost to replace the assets in each category based on the asset cost and useful life. The Transfer Amount represents the initial amount to transfer to establish the reserves. The Infrastructure Reserve accounts to be created are as follows:

Infrastructure Reserve Title	Schedule	Total Cost	Transfer amount
Buildings - HVAC Reserve	A	\$259,00	\$17,26
Buildings- Roof Reserve	B	\$274,89	\$13,94
Utility Infrastructure Reserve	C	\$911,45	\$30,38
Vehicles Reserve	D	\$92,63	\$16,43

Subtotal	\$1,537,979	\$78,033
Less: Budgeted Amount to		(\$24,000)
Transfer Total		<u>\$54,033</u>

## **II. Funding**

The initial Infrastructure Reserve funds will be established according to the transfer amount outlined above. Board of Trustee approval is requested to establish a beginning Infrastructure Reserve balance of \$54,033 so that funds are available based on the Infrastructure Reserve analysis. Going forward, the Infrastructure Reserve report will be maintained and the long term asset values will be calculated based on their cost and useful life. The annual transfer amount will be made according to that calculation.

### **A. Transfers**

1. Funds transfers will be made into the appropriate reserve account annually.
2. Transfers to each of the reserve accounts will be made from Unrestricted and Unappropriated Educational and General Funds.
3. Transfer of funds between reserve accounts or for any other purpose than stated herein will not be permitted without additional Board of Trustees approval.
4. Infrastructure Reserve funds will remain in the Plant Funds for future use in perpetuity.

### **B. Investment Earnings**

1. Funds placed in the reserve accounts will be invested in accordance with current established University policy.
2. Investment earnings from these accounts will be transferred and used to support the Educational and General Operating Budget.

## **III. Operating procedures for management of the Infrastructure Reserve Accounts**

Enclosed are asset schedules that provide supporting documentation for each category. A report will be submitted to the Board of Trustees regarding the current construction projects.

Approval for expenditure of Infrastructure Reserve Funds will be given according to the following procedures:

### **A. Buildings- HVAC**

- Infrastructure expenditures on HVAC will be determined by the Office of Building Maintenance.
- The Campus Maintenance Supervisor will request approval for HVAC repair and replacement from the Chief Fiscal Officer.
- The Chief Fiscal Officer will review the request and submit for final approval to The Chancellor.
- Upon approval, the request will be forwarded to Purchasing for processing.

### **B. Building Roof Reserve**

- Infrastructure expenditures on building roof will be determined by the Office of Building Maintenance.
- The Campus Maintenance Supervisor will request approval for roof repair and replacement from the Chief Fiscal Officer.
- The Chief Fiscal Officer will review the request and submit for final

approval to The Chancellor.

- Upon approval, the request will be forwarded to Purchasing for processing.

#### C. Utility Infrastructure

- Infrastructure expenditures on campus utilities will be determined by the Office of Building Maintenance.
- The Campus Maintenance Supervisor will request approval for utility maintenance and replacement from the Chief Fiscal Officer.
- The Chief Fiscal Officer will review the request and submit for final approval to The Chancellor.
- Upon approval, the request will be forwarded to Purchasing for processing.

#### D. Vehicles

- Infrastructure expenditures on campus vehicles will be determined by the Office of Building Maintenance.
- The Campus Maintenance Supervisor will request approval for vehicle maintenance and replacement from the Chief Fiscal Officer.
- The Chief Fiscal Officer will review the request and submit for final approval to The Chancellor.
- Upon approval, the request will be forwarded to Purchasing for processing.

Schedule A  
 Building HVAC  
 Prepared March, 2013

Building	Number of HVAC Units/Bldg	Unit size	Sq Ft	Useful Life	Per Unit Cost Replacement	Total Est Cost Replacement	Replacement Reserve
Oz Technology and Academic Support (admin)	2	1 ton	42111	15	\$ 3,000	\$ 6,000	\$ 400
Oz Technology and Academic Support (admin)	3	2 ton	42111	15	\$ 3,000	\$ 9,000	\$ 600
Oz Technology and Academic Support (admin)	2	3 tons	42111	15	\$ 3,000	\$ 6,000	\$ 400
Oz Technology and Academic Support (admin)	4	4 tons	42111	15	\$ 5,000	\$ 20,000	\$ 1,333
Oz Technology and Academic Support (admin)	16	5 tons	42111	15	\$ 5,000	\$ 80,000	\$ 5,333
Oz Technology and Academic Support (admin)	1	10 tons	42111	15	\$ 7,000	\$ 7,000	\$ 467
Student Services and Conference Center	8	5 tons	12547	15	\$ 5,000	\$ 40,000	\$ 2,667
Industrial Control Systems Building	3	5 tons	6050	15	\$ 5,000	\$ 15,000	\$ 1,000
Allied Health Building	4	3 tons	9540	15	\$ 3,000	\$ 12,000	\$ 800
Storage House - 801 North 18th Street	1	3 tons	1724	15	\$ 3,000	\$ 3,000	\$ 200
A/ C & Refrig Bldg	3	3 tons	3800	15	\$ 3,000	\$ 9,000	\$ 600
West Annex 2006 Milam Property - Bldg	3	3 tons	4500	15	\$ 3,000	\$ 9,000	\$ 600
Collegiate Center	8	5 tons	12900	15	\$ 5,000	\$ 40,000	\$ 2,667
Maintenance House 1609 Helberg Lane, Ozark	1	3 tons	1968	15	\$ 3,000	\$ 3,000	\$ 200

Total \$ 259,000 \$ 17,267

Schedule B  
 Building Roof Reserve  
 March, 2013

Building	Type of Roof	Sq Ft	Date Installed	Est. Date Replacement	Useful Life	Est Cost Replacement	Replacement Reserve
Oz Technology and Academic Support (admin) Building	flat- Vinyl over Metal	40900	1965	2015	12	\$ 1,000,000	*
Student Union- new portion only	flat- Vinyl over Metal	1211	2011	2023	12	\$ 6,055	\$ 505
Industrial Control Systems Building	metal	6050	1986	2015	20	\$ 30,250	\$ 1,513
Health Education Building	metal	9540	1999	2019	20	\$ 47,700	\$ 2,385
Storage Building (residence 804 North 18th Street)	shingle	1724	1968	2014	20	\$ 10,344	\$ 517
Ozark Student Services Building	metal- slight pitch	12547	2009	2029	20	\$ 62,735	\$ 3,137
A/C & Refrig Bldg	metal	3800	1980	2020	20	\$ 19,000	\$ 950
West Annex 2006 Milam Property - Bldg	metal	4500	199	2017	20	\$ 22,500	\$ 1,125
Collegiate Center	metal	12900	199	2020	20	\$ 64,500	\$ 3,225
Maintenance House 1609 Helberg Lane, Ozark	shingle	1968	2003	2023	20	\$ 11,808	\$ 590
Total						\$ 274,892	\$ 13,946

\* Technology and Academic Support Building roof will need separate funding

Schedule C  
Utility Infrastructure  
Prepared March, 2013

Item Description	Quantity in feet	Replacement Cost Per Linear Foot *	Useful Life	Replacement Cost	Rep
Water Lines	6538	\$ 25	30	\$ 163,450	\$
Sewer Lines	6518	\$ 25	30	\$ 162,950	\$
Gas Lines	6286	\$ 25	30	\$ 157,150	\$
Primary Electrical Distribution Lines	7930	\$ 30	30	\$ 237,900	\$
Light Poles	20	\$ 9,500	30	\$ 190,000	\$

Total \$ 911,450 \$

\* Light Poles replacement cost is per pole

Schedule D  
 Motor Pool Fleet  
 Purchased with University Funds  
 Prepared March, 2013

Vehicle#	Year/Make	Body	VIN#	Purchased	Mileage	Department	Purchase\$	Useful Life	Replacement Reserve
#45	1998 Ford Taurus	4-door	4843	12/97	112,616	All	\$ 15,928	3	\$ 5,309
#49	2004 Dodge	4-door	0732	06/04	91,006	All	\$ 11,310	4	\$ 2,828
#41	2009 Chevy Van	van	5729	4/09	20,332	All	\$ 18,109	7	\$ 2,587
#47	2008 Chev Impala	4-door	8351	2/08	102,431	Chancellor	\$ 14,772	6	\$ 2,462
#40	2011 Dodge Ram	P/U	7464	3/11	7,211	Maintenance	\$ 16,259	10	\$ 1,626
#43	2011 Dodge Ram	P/U	2808	10/10	8,316	Maintenance	\$ 16,259	10	\$ 1,626
							<u>\$ 92,637</u>		<u>\$ 16,438</u>