

Allowable Capital Equipment Expenditure Guidelines for Technology Projects

Rev. February 2016

INFORMATION TECHNOLOGY/TECHNOLOGY-RELATED PROJECTS

Capital equipment funds may be used to support the acquisition, development, deployment or integration of IT systems that constitute or are an integral part of approved capital projects. Capital funds may not be used to support the ongoing operation and maintenance of such projects. All capital equipment must have an expected useful life of at least five years.

ALLOWABLE*

Hardware: Computers and related equipment such as monitors, servers, mainframes, printers, scanners, are allowable.

Software:

- Software development and design (akin to facility design and engineering; including in-house staff).
- Software licenses that result in **perpetual** access to the software (Subscriptions are not allowable. See below.)
- Purchases of packaged “off-the-shelf” software are allowable if they:
 - Are related to the initial deployment of a major system or project deployment; or
 - Are necessary to bring a newly constructed facility or an allowable piece of equipment up to its intended use (e.g. a computer lab).

Consulting Services used in the initial development and implementation of an approved capital equipment project are eligible for debt funding. Professional services are not allowable.

Software Technical Support Services: Year 1 expenses related to system, hardware or software are allowable if required by vendor, meaning without it software cannot be purchased, and must be paid as part of the purchase. Expenses for Year 2 and beyond are not eligible for debt funding.

Warranties are eligible for debt funding when included in the purchase price and are not eligible if listed as separate line item on the same purchase order as the allowable equipment. Warranties purchased later or separately are not allowable.

Personnel Expenses: Debt funds may be used to reimburse personnel costs related to the initial development and deployment of an IT project. Any such reimbursements will be reviewed on a case-by-case basis and will be considered within funding constraints. Administrative and management costs related to the project are not capital eligible.

NON-ALLOWABLE

Software: Debt funds generally may not be used to purchase standard off-the-shelf software (such as Word, Excel, Outlook and Internet Explorer), or any software package with individual license costs under \$1,000. Such software should be purchased using operating funds.

Software Technical Support Services: Year 2 and beyond expenses related to system, hardware or software maintenance or ongoing operations are not eligible for debt funding.

Extended Warranties: Supplemental warranties or yearly maintenance-type contracts not eligible for debt funding.

Subscriptions, hosting, leases, and cloud-based software: These purchases are not allowable. They do not result in the County owning the asset. Licenses **must** be perpetual for capital eligibility; limited term licenses are not eligible and should be paid with operating funds.

Professional Services: Professional services are not eligible for debt funding. Only consulting services used the initial development and implementation of approved capital projects are allowable.

Personnel Expenses and Training: Capital funds may be used to cover only those labor expenses directly related to the initial development and deployment of a capital project. They may not be used to fund ongoing maintenance, IT Support, or operational expenses of a project after development.

Training Expenses are not capital eligible and must be paid out of the operating budget.

Travel, Meals and Accommodations: Any travel, mileage, meals and lodging expenses are not eligible for debt funding. Such expenses should be paid with operating funds.

*** All requests should have useful life of at least 5 years and threshold of \$5,000 & over**