

ALLOWABLE RENOVATION COSTS



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FEDERAL & STATE REGULATIONS, LAWS, & GUIDANCE

RESOURCES

1. Federal

A.Title 7, Code of Federal Regulations (7 CFR), Section 210.14(a)

B.2 *CFR* Part 225, Appendix B, Items 15, 25, 35, 36, and 37

C.USDA Policy Memorandum SP 41-2011

RESOURCES

2. State

- A. Sections 38091 and 38100 of the *Education Code* (*EC*)
- B. California Department of Education (CDE) Management Bulletins (MB)
 - i. 00-109 "Use of Cafeteria Funds Update"
 - ii. NSD-SNP-07-2013 "Cafeteria Funds—Allowable Uses"

http://www.cde.ca.gov/ls/nu/sn/cafefundguide.asp

"... Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, **such revenues shall not be used to purchase land or buildings** [emphasis added], unless otherwise approved by FNS, or to construct buildings."

7 *CFR* Section 210.14(a)

Historically, [the USDA] FNS has not approved the cost of building purchases because **program funds are made available to help support the costs of nutritional benefits for children in school settings and not to construct school related facilities . . . major expenses . . . should be borne by the school district's general funds [emphasis added].**

USDA Policy Memo SP 41-2011, page 21





What does the term renovation mean?

Costs incurred for ordinary and normal rearrangement and alteration of facilities are an allowable charge to the cafeteria fund.





Necessary maintenance, normal repairs and alterations . . . are allowable to the extent that they . . . do not add to the permanent value of property or appreciably prolong its intended life [emphasis added].

2 CFR Part 225, Appendix B, Item 25



Criteria to distinguish between construction and non-construction type renovations:

- 1. Do the repairs and alterations add to the permanent value of the property?
- 2. Do the repairs and alterations appreciably prolong the property's intended life?

FNS has allowed limited renovations within the inside perimeter of a kitchen/cafeteria space.



USDA FNS Policy Memo SP 41-2011, page 21

Renovating a kitchen by cutting away a portion of the wall to allow room for a walk-in refrigerator and related electrical wiring would be an allowable expense if the renovation is necessary to accommodate increased participation of students in the school meal programs.

USDA FNS Policy Memo SP 41-2011, page 21



STATE RESOURCES

The cost of providing adequate housing for cafeterias, including, but not limited to, kitchen facilities, is a charge against the funds of the school district. The cost of the lease or purchase of cafeteria equipment and of vending machines and their installation and housing shall be a charge against cafeteria funds, in accordance with Section 38091.

EC Section 38100



STATE RESOURCES

Service system examples:

- Air conditioners
- Utility systems (gas, electric, water)
- Heating systems
- Ventilation systems
- Intercommunication systems
- Sewer systems
- Telephone lines
- Computer lines
- Fire Suppression

MB 00-109 -- QUESTION #5

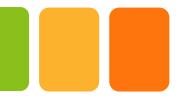
It is commonly understood that food service funds cannot be used to renovate a *dining area* but may it be used to renovate a *serving area*?



USDA classifies renovations as either construction or nonconstruction. Non-construction-type renovations, such as remodeling or changing flooring, are allowable. Construction-type renovations are not allowable.

MB 00-109 - QUESTION #3

It is commonly understood that food service funds cannot be used to paint a cafeteria, but what is the definition of "paint?" Is a mural or other graphics considered "paint?"



Painting is an allowable expense when it is used for the improvement of the school nutrition program . . . using a substantial amount of food service funds for an expensive artist's commission for food service murals or other graphics would not be prudent.

REVIEW

Construction Type Renovations	Non-Construction Type Renovations
Change the dimension of the structure	Replace flooring in food service area
Increase the food service area	Build a partition wall
Repair to the housing (exterior walls & roof)	Remove an interior wall
Repair or extension to the service system	Install replacement equipment

REVIEW

Special Arrangements and Alterations

Installation of a walk-in freezer

Installation of a walk-in refrigerator

QUESTIONS?



THANK YOU



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