

CITY OF TALLAHASSEE	
<u>CITY COMMISSION AGENDA ITEM</u>	
ACTION REQUESTED ON:	May 14, 2003
SUBJECT/TITLE:	Capital Projects Management Policy 218CP - Update
TARGET ISSUE:	Five-Year Financial Plan

STATEMENT OF ISSUE

The City Commission adopted the Capital Projects Management Policy on January 9, 1991. This policy provides guidelines for the development of the City's capital improvement plan (CIP), review procedures after adoption of the CIP, management accountability and control of capital projects, change order and supplemental appropriation procedures and reporting requirements related to capital projects.


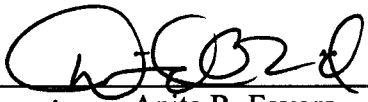
The policy has been revised a number of times since its original adoption with modifications approved by the City Commission in 1992 and 1998. Since the last update, the City has implemented a new PeopleSoft financial management system and has modified various processes and procedures to be in line with the new financial system. Additionally, various elements of the policy have already been modified and approved by the City Commission. This agenda item aims to codify these changes into the policy. This agenda item also seeks approval of for some minor revisions to processes and procedures as a result of implementation of the new PeopleSoft financials system.

RECOMMENDED ACTION

Option 1- Approve recommended changes to the Capital Projects Management Policy 218CP.

Fiscal Impact

None

		
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SUPPLEMENTAL MATERIAL/ISSUE ANALYSIS

History/Facts & Issues

The City's capital improvement plan provides the City's blueprint for the construction of infrastructure projects over the five-year plan period. In 1991, the City Commission adopted a Capital Projects Management Policy to ensure that the City's capital improvement program was managed in an efficient and cost effective manner. The policy as implemented provides guidelines related to management accountability, project scheduling, change order and supplemental appropriation procedures, project reporting and other internal procedures.

The Capital Projects Management policy has been modified a number of times since its implementation. Most recently the policy was modified in 1998 to reflect changes in practices, provide clarification on processes and procedures and make modifications due to organizational changes. Section 218.07 of the policy stipulates that the Department of Management & Administration will recommend amendments to the policy when required.

Over the last few years, a number of changes have been approved by the City Commission that directly affect the Capital Projects Management Policy. This agenda item aims at codifying these changes. Additionally, staff is recommending a number of minor revisions to processes and procedures to reflect the implementation of the City's new PeopleSoft financials system.

The following provides a summary of the changes being recommended.

- Revised responsibility for extension of projects from Assistant City Managers to Department of Management & Administration (Approved by the City Commission September 11, 2002).
- Modified language related to length of time that subprojects funded from masters can remain open (Approved by the City Commission on September 11, 2002).
- Added language related to scope change orders (Approved by the City Commission on 11/13/02).
- Revised various timelines related to capital project and fund balance reporting.
- Expanded several definitions and establish new definitions.
- Revised several processes to reflect the new PeopleSoft Financials System.

An executive summary, which provides a comparison of the more significant changes in the policy, is included in Attachment A. The current policy (Attachment B) is modified to include all recommended changes. Deletions to the existing policy are reflected by strikethrough (-----) while additions are reflected by underscore (_____).

Item Title: Capital Projects Management Policy 218CP - Update

Options

Option 1– Approve recommended changes to the Capital Projects Management Policy 218CP.

Option 2 – Provide guidance to staff regarding modifications to the policy.

ATTACHMENTS/REFERENCES

Attachment A – Summary of Major Changes

Attachment B – Capital Projects Management Policy 218CP

**ATTACHMENT A
SUMMARY OF MAJOR CHANGES
CAPITAL PROJECTS MANAGEMENT POLICY**

Policy Section	Current Language	Recommended Change	Impact
218.04F	Defines capital project as an infrastructure project.	Expands definition to limit capital projects to \$50,000 with a life span of five-years.	Consistent with other government's definition of capital projects.
218.04F2	Provides a timeframe of two years for the completion of subprojects opened from a master project.	Limits subprojects to one-year timeframe with extensions approved by the Department of Management & Administration for special circumstances.	Subprojects are intended to be projects that can be done within the year of appropriation. The intent of the master project is to provide the department flexibility to open subprojects for routine and minor activities. If the subproject is intended to take longer than one year, the departments are required to open a specific project. The City Commission approved this change at the September 11, 2002 meeting.
218.04F4	Limited subprojects to under \$500,000.	If subproject is over \$500,000 department will classify as a specific project. Appropriations will not lapse until project is completed.	Provides department's additional flexibility and allows them to retain funding in instances where subproject requires funding over \$500,000.
218.04K	Project reports due 10 working days after close out of month.	Extended deadline to 15 working days.	Consistent with deadlines for closing out each month.
218.04AA and II	None	Added definition for non-scope and scope change orders.	
218.05A6	None	Added language identifying department director's responsibility for maintaining and updating project completion dates on the PeopleSoft financials system.	If project dates are past due, the PeopleSoft financials system prohibits any financial transactions to post to the project. This change ensures that project dates are kept updated and that financial transactions are allowed to post.
218.05C1, C2 and C3	None	Added language identifying the Planning Department's responsibility in reviewing capital project requests.	Links capital budget and planning processes. Provides Planning Department information as to how requested projects achieve goals and objectives of Comprehensive Plan and other Citywide initiatives.
218.05E2 B	Department of Management & Administration printed and distributed capital project and sub-project expenditure reports.	Reports are available to Department's on-line for viewing and printing.	Maximizes the use of the financial system and provides department's flexibility to view and print reports as needed.
218.05G 2b	Gives authority to the City Manager for approving change orders up to 25% of the original amount or \$50,000 in aggregate, whichever is less.	Keeps current policy and expands City Manager approval of non-scope change orders up to 25% of the original amount or \$50,000 in aggregate, whichever is less in instances where no contingency has been budgeted for project. Change orders exceeding this	Provides more flexibility in dealing with change orders. The City Commission approved this change at the November 13, 2002 meeting.

		threshold will require City Commission approval. Provides City Manager approval of change orders for projects with budgeted contingencies up to the amount of the contingency. Change orders exceeding this threshold will require City Commission approval.	
218.05G 2c	New Language	Adds language giving the city manager authority to approve non-scope change orders up to the amount of the contingency. Any proposed non-scope change orders exceeding this amount shall trigger the need for commission approval. If the contingency for a project is depleted, the commission may approve a supplemental contingency amount for additional non-scope change orders. If the contingency is depleted and the commission does not approve a supplemental contingency, additional change orders will be subject to the approval authority detailed in section 218.05G2a and b.	Provides more flexibility in dealing with change orders. The City Commission approved this change at the November 13, 2002 meeting.
218.06 B 9 b	Project extension responsibility of respective Assistant City Manager.	Requires department's to notify their respective Assistant City Manager and the Department of Management & Administration of extension requests concurrently five working days prior to the project date becoming past due. The Department of Management & Administration will process the extension requests upon approval from the Assistant City Manager.	Ensures that project dates are amended before they become past due.