

The Monthly Capital Allocations Reports had been added to the City Council docket for formal approval though no formal administrative regulation or City Code required City Council approval of allocations of capital project funding. Changing to a Quarterly Capital Projects Status Report, which the Office of Management and Budget would coordinate, would allow for more transparent reporting of active capital projects being managed across City departments. City Council approved the new reporting document.

DISCUSSION: The purpose in shifting away from the Monthly Capital Allocations Report to the Quarterly Capital Projects Status report is to provide City Council and City staff an additional tool in managing the City's CIP. The Monthly Capital Allocations Report previously approved by City Council provided a formal mechanism for funding to be "released" to a project after it had been appropriated by City Council, but provided little information regarding the status of the project, time frame for completion, or clear and concise financial information. The new Quarterly Capital Projects Status report shifts City Council focus away from allocating funds - though City staff continues to manage the capital project allocations on an administrative level - to providing a thorough overview of project balances, available funding sources, project history, current project status and anticipated progress during the forthcoming fiscal year quarter.

Below are highlights of the information that will be included as part of the Quarterly Capital Projects Status report, and where appropriate, definitions to provide proper context of information presented in the report are provided.

Project Updates

For the third quarter of Fiscal Year 2014, City staff will provide a comprehensive update on projects classified as Category 2 or Category 3 projects. The definition of each of the project Categories is as follows:

- **Category 1: Asset Maintenance** - funding streams that cover an ongoing maintenance need for an existing City asset. These projects are also referred to as Capital Facilities Maintenance Program projects, or "CFMP" projects.
- **Category 2: Renovations/Existing Assets** - specific large renovation or restoration projects that are necessary cyclically or periodically, but can be scheduled for a specific time period. These projects pertain to existing City assets.
- **Category 3: New Facilities** - projects that result in a new or expanded facility or level of service and can be scheduled.

Category 2 and Category 3 projects are projects which should have a defined starting date and ending date, thus making it easier to track the project through its development and ultimate completion. Category 1 projects are primarily the City's Capital Facility Maintenance Program (CFMP) projects, and are on-going in that an annual funding contribution is made through the CIP for a number of different initiatives in the CFMP project. City staff will evaluate methods of providing additional information regarding the status of the Category 1 projects beginning in FY 2015. For the third quarter of Fiscal Year 2014, Category 1 projects will appear in the report only in the summary of budget and financial information.

Project Status

City staff is also providing a classification system of the status of each active Category 2 or Category 3 capital project. This classification is designed to provide the reader of the report a simple way to understand the current phase of the project. The three status classifications are as follows:

- **Pre-Implementation:** Work has not yet started related to implementing the primary scope of work in the project. Examples of this include being in the design phase for a construction project, acquiring land for a construction project, soliciting bids for IT hardware and software, and other pre-

implementation project work.

- **Implementation:** Work has commenced towards completing the defined scope of work. Examples of this include construction starting, consultants being retained and planning started, equipment being received and installed, and other project implementation work.
- **Pending Close-Out:** The defined scope of work has been completed, punch list items are being reviewed, final invoices are being paid, grant reimbursements have been received, etc.

Once a project has completed the Pending Close-Out phase during the fiscal year, the project and any remaining balance (along with the source of funding associated with any project balance) will appear on a separate project close-out sheet in the Quarterly Capital Projects Status report. Any available balances will be assumed to be utilized as a funding source in next year’s CIP unless specifically requested by the City Manager’s Office or directed by City Council to be utilized for a different purpose.

Project Budget and Financial Information

Project budget and financial information will be presented in the Quarterly Capital Projects Status report in the following format:

Appropriated Budget to-Date	Pending Payments to-Date	Expenditures	Project Balance	Planned Funding (FY 15-23)
\$ 2,900,000	\$ 1,022,105	\$ 52,895	\$ 1,825,000	\$ 24,500,000
Appropriated Funding Sources: Funded with Transportation Improvement Program (TIP) funds (\$2,100,000) and Federal grants (\$800,000).				

This presentation of financial information moves the discussion from allocated and unallocated balances - though allocations are still managed internally by OMB and Finance to maintain proper fiscal oversight - to the Appropriated Budget to-date and Project Balance at the time of the presentation of the report.

The Appropriated Budget to-date includes all funding sources formally appropriated by City Council through the annual Capital Year Budget or through a Supplemental Budget Ordinance. The Appropriate Budget to-date does not include planned funding in years two through ten of the CIP, though that planned funding is noted in the Planned Funding (FY 15-23) column in the table above. The Appropriated Funding Sources section details the source(s) of funding appropriated by City Council.

The Project Balance is calculation of the Appropriated Budget to-date minus the Pending Payments to-date and Expenditures column. Pending Payments to-date (encumbrances) reflect contractual commitments which have been reserved for future payments and are no longer available for use in other transactions.

Presentation of Reports

Reports will be presented to City Council on a quarterly basis during the fiscal year. Reports are anticipated to be available on the City’s website for the second City Council Legislative meeting in October, January, and April, and will be available on-line in late July when City Council is in recess. City staff does not anticipate publishing paper copies of this report for City Council or City staff; rather it will provide a link to the document in the Quarterly Capital Projects Status Report docket item.

FISCAL IMPACT: City Council’s receipt of the Quarterly Capital Projects Status Report does not require any additional resources. The report will be utilized however in the development of the annual CIP. Available project balances, implementation rate, and current and projected project status will be utilized to determine the appropriate level of investment in a project for the forthcoming fiscal year.

ATTACHMENTS:

FY 2014 Third Quarter Capital Projects Status Report

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