

Ad Hoc City-Schools Joint Facility Investment Task Force Capital Planning & Implementation Subcommittee

Charge: The next meeting will focus on revisiting above questions with more structured reason. Staff will come back with modifications/ideas. Brainstorm information list. Recast in nomenclature that's appropriate. Should be adopted by both Schools and City. Helpful to have thoughts on empowerment question and funds flow.

Q1: Is the model relevant and appropriate? If not, how do we modify it?

A1: The model could help connect components of the existing CIP process in a manner that provides Council and the public with clearer decision-making rationale and project benefits.

The model outlined could likely be simplified into the four phases of a project outlined by PMI and PMBOK: 1) Initiation (aligns with Capability Need Validation and Demand Management), 2) Planning (aligns with Project Planning and Project Strategy), 3) Executing & Controlling (aligns with Project Execution), and 4) Closing (not mentioned in subcommittee model).

Like the project groupings presented in the model, the City's CIP is divided into three categories of 1) asset maintenance, 2) renovation of existing assets, and 3) new facilities. Roughly two-thirds of the City government portion of the CIP falls within the first two categories of maintaining and repairing existing assets. While the overall CIP process is the same for all projects, the way in which they are developed and managed may differ across the categories.

Similarly, ACPS's projects are divided into three groups: 1) ongoing, regular capital maintenance programs, 2) stand-alone major capital maintenance projects and 3) new or expanded capital facilities or infrastructure. Due to the need for major modernizations and expansions in ACPS facilities, about only one fifth of ACPS's CIP is allocated for projects within the first two groups.

City CIP projects are initiated by the managing department (with input from the requesting department if applicable), submitted to OMB through the CIP process, and reviewed and vetted by the Peer Technical Review Committee and the CIP Steering Committee. The CIP Steering Committee develops and presents a funding recommendation to the City Manager which he may then modify based on discussions with the Steering Committee and the departments and then present to City Council. ACPS CIP projects are initiated by the facilities and finance departments and vetted through other relevant departments, project managers, school administration and the Superintendent. Category or Group 3 projects are more likely to be driven by a service need and require a more thorough statement of need and impact and alternatives analysis (the capability need validation, demand management and project strategy phases of the model) than Category or Group 1 and 2 projects. Since Category or Group 1 and 2 projects are maintenance and renovation of existing assets, their justification may be more related to condition assessments and asset life than a needs or outcome based business case, although it may be beneficial to measure Category or Group 1 and 2 projects against a threshold of asset value and require a more thorough reevaluation of need and alternatives when the cost exceeds the threshold.

Category or Group 3 projects originate from a variety of community-based plans, needs assessments and initiatives such as the City Strategic Plan, master plans, other issue-specific plans, and departmental strategic plans. The processes by which the needs are defined, alternatives are considered, and projects selected may vary depending on the department, service area or circumstance. Most, if not all, Category or Group 3 projects involve community engagement and a feedback loop between project managers and senior management for approvals at various stages of the project development. However, initiating community engagement earlier in the CIP process for projects may present an opportunity to better define project scope and anticipate challenges. Additionally, modifying the existing CIP process to make documentation and reporting of needs, impact and alternatives more consistent across types of projects could more clearly articulate the rationale behind approved CIP projects in a manner that would allow Council, the School Board and the public to compare the projects' relative need and value. These modifications will necessitate seed money for projects.

Q2: What questions should be answered and what information should be available before each stage is considered complete?

A2: The following is a list of some questions to answer before approving a Category or Group 3 project. These questions may need to be revisited at various stages in the project, particularly when there is a significant change in scope, cost or schedule considered.

- What need is the project intended to address?
- How does that need rate against to other needs of the City?
- What impact will it have on addressing that need, or what would be the impact of not executing the project?
- What other alternatives exist for addressing that need?
- How do the costs compare to the alternatives and the no-build scenario including construction, financing, ongoing operating, and future maintenance?
- How does the project relate or interact with other projects or services?
- What other funding sources besides tax dollars are available to fund the project?

Some possible questions to consider for Category or Group 1 and 2 projects include:

- What is the condition of the asset?
- How does the condition rate against other assets?
- How does the improvement cost compare to the cost of not making the improvement (increased operating and maintenance costs or accelerated replacement need)?
- What are other potential consequences of not making the improvement, including safety risks and service degradation?
- What is the probability of those consequences?

Q3: Who should be empowered to proceed at each stage?

A3: Levels of empowerment may be tied to project category and stage of the process. Category or Group 1 projects may have greater discretion at the facility manager level while Category or Group 3 projects require significant public input and City Council and/or School Board approval.

Q4: How do we control fund flow to ensure that citizens get value for dollar?

A4: Often Category or Group 3 projects require justification to receive funding but require funding to perform the feasibility analysis necessary to justify the project. Establishing a project development line of funding in the CIP would enable departments to define the need and consider the alternatives before requesting design and construction funding. Once achieving the project planning and execution stages, the City is required to appropriate the full amount of contracts to award them. Staff may manage the cash flow including bond issuances and debt service schedules according to the expenditure schedule to ensure capital outlay and costs are not being incurred prematurely. Once the design and construction has been committed to, staff can and often does present to City Council or the School Board on the status of a project, including any minor changes made, through the quarterly CIP report. More significant changes to scope, cost and/or schedule would require change orders which could trigger re-evaluation of the initial justification to determine if the project is continuing to provide appropriate value.