

MINUTES
CIP Meeting
August 20, 2004

MEMBERS PRESENT: Ron Kroeger, Karen Gunderson Olson, Scott Nash, Gary Brown, Jim Preston, Marcia Elkins, Ted Vore

OTHERS PRESENT: Jim Shaw, Jason Green, Sharlene Mitchell

Preston called the meeting to order at 10:20 a.m.

Elkins moved, Vore seconded and carried unanimously to approve the minutes of the July 16, 2004 meeting.

Preston presented the financial report for the expenditures through July 31, 2004 noting there were no updates to the information as presented. In response to a question from Nash, Preston indicated that Elm Avenue project funding has been incorporated into the Fifth Street Project.

Vore briefly reviewed the Street Department Budget changes noting that the current spreadsheet does not reflect the requested funding changes. Preston recommended that further discussion on this item be continued to the September meeting to allow a corrected spreadsheet to be prepared. **Elkins moved, Nash seconded and carried unanimously to continue the Street Department Budget Changes to the September meeting.**

Preston presented the City Council recommendation for additional funding in the amount of \$10,750 for the Salt/Sand Storage Building. Vore advised that the project budget, including the additional funding, does not provide any contingency funding. Discussion followed regarding the action taken by Council with regard to the project bid authority. Preston advised that the additional project funding will be allocated from the Contingency line item. **Nash moved, Vore seconded and carried unanimously to approve the allocation of \$10,750 from the Contingency line item to the Salt/Sand Storage Building project line item.**

Preston reviewed the development and use of the Design, Construction and Administration (DC&A) charges noting that a set percentage (13.85%) is assessed to projects funded from the Streets and Drainage and Parks & Recreation budgets. He indicated that the DC&A charges are allocated to general fund budgets for compensation of staff salaries expended on the projects funded from the Streets and Parks budgets. Preston briefly addressed the manner in which departmental budgets receive the DC&A compensation through the "Services to Other Departments" line item.

Preston presented the Parks & Recreation Subcommittee request for Committee review of the assessment process for DC&A charges as they relate to funding identified for land acquisition and projects that are out-sourced. Preston advised that any reduction in the current DC&A charges funding level would require the identification of alternative funding sources to support those services currently supported by the DC&A charges.

Elkins outlined the Parks & Recreation Subcommittee concerns with regard to the assessment of DC&A charges on funding allocated for park land purchases noting that DC&A charges would again be assessed on project funds allocated for the development of the park land. Elkins presented the Subcommittee's concern with the inequity in assessment of the DC&A charges

noting that not all budgets receiving CIP funding pay DC&A charges even though staff is utilized to design and administer their projects.

Vore addressed the "job costing" process required to identify the staff time associated with each individual project. Preston addressed the Parks & Recreation Subcommittee's efforts to establish a Park Land Acquisition fund and their historical reallocation of those funds for project development. Preston stressed the need to provide financial support for the engineering positions that support the Capital Improvement projects. Discussion followed regarding the impact "job costing" would have on the annual budget process.

In response to a question from Nash, Preston indicated that the Vision 2012 fund pays DC&A charges.

Preston suggested that DC&A charges be assessed to the full CIP budget with the remaining budget amount being allocated to the four sub-budgets. Discussion followed regarding the funding process for staff services prior to the implementation of the Vision 2012 program.

Elkins indicated that the Parks & Recreation Subcommittee would be comfortable with equal assessment of the DC&A charges to all CIP funded projects. Discussion followed regarding the funding allocation structure within the CIP program. Discussion followed regarding amending the assessment of DC&A charges and the resulting impact to those budgets supported by CIP funding.

Shaw voiced support for the current DC&A assessment process noting that with either process the financial result is the same. Elkins indicated that the Parks Department will be assuming responsibility for the design and administration of their projects noting this would prompt further discussion on the allocation of the DC&A charges to the general fund budgets. Discussion followed regarding the criteria utilized to determine the percentage assessed for DC&A charges. Elkins indicated that she believed the Parks & Recreation Subcommittee would support the amendment to assess DC&A charges to the full CIP budget. Discussion followed regarding the impact of the new Parks Board on the future allocation of the DC&A charges.

Nash moved to recommend that effective with the 2005 budget year the DC&A charges be assessed to the full CIP budget with the remaining funding being allocated to the Streets & Drainage, Parks & Recreation, Government Buildings and Contingency budgets. Elkins seconded the motion.

Kroeger voiced support for the motion noting the staff time required to administer various Government Building projects. Discussion followed regarding the staff commitment required with the construction of the new fire station buildings.

The motion to recommend that effective with the 2005 budget year the DC&A charges be assessed to the full CIP budget with the remaining funding being allocated to the Streets & Drainage, Parks & Recreation, Government Buildings and Contingency budgets carried unanimously.

No other business was presented for discussion. Preston advised that September 17, 2004 was the next CIP meeting date.

There being no further business the meeting was adjourned at 10:45 a.m.