

**Performance Audit  
Capital Improvements Management Office  
Follow-up**

February 2008

**City Auditor's Office  
City of Kansas City, Missouri**

February 20, 2008

Honorable Mayor and Members of the City Council:

We conducted this follow-up performance audit of the Capital Improvements Management Office (CIMO) at the direction of the City Council. The purpose of this audit was to determine the status of CIMO's high priority projects and determine the reliability and availability of capital project data. In the process of answering those objectives, we determined that CIMO is in jeopardy of running out of work.

CIMO made progress on the high priority construction projects it was charged with managing. CIMO completed construction on about half of the high priority backlogged projects. About a fourth of the projects, CIMO either cancelled or returned to the department that initiated the project. The remaining fourth of these backlogged projects are active but construction is not complete.

While some project information is available, stakeholders still require more cost information. CIMO's method of allocating project management costs is difficult for stakeholders to understand. CIMO needs to provide a written explanation and training on the allocation method and provide stakeholders with an allocation report which better describes CIMO's indirect costs. CIMO also needs to report their performance in terms of cost containment and customer satisfaction.

While reviewing project account data we found that some CIMO projects have money remaining in their accounts well after CIMO closed the project. The city manager needs to assign responsibility for sweeping project account funds when projects are complete, so that the city can apply unspent funds to where they are needed.

CIMO needs to improve the accuracy of its project tracking data in its project management system. We found some data errors with that information. However, we determined CIMO is accurately pulling financial data from the city's financial management system into project status reports.

Project management information throughout the rest of the city is fragmented. Other departments managing capital projects are not using the same database as CIMO to maintain project information. The city manager should centralize all city project information. All departments doing capital projects should be using one system to improve availability and reliability of project information.

Despite CIMO's progress reducing the city's high priority capital backlog and developing project tracking systems, CIMO may not have enough work to do in the near future. City departments decreased the number of new projects they gave CIMO to manage by 96 percent between fiscal years 2005 and 2008.

If CIMO's costs do not decrease correspondingly with their workload, then CIMO will spread its costs over fewer projects and efficiencies gained by centralizing more of the city's capital improvements will be lost. Some city departments that initiate capital projects are choosing to manage their own projects. These departments told us they have the expertise and resources they need to do their own projects.

As recommended in the original CIMO audit, the city manager should define CIMO's scope of responsibilities. The city manager should address that CIMO is running out of work. He needs to explicitly define what projects CIMO should be managing. Whether he intends to fold CIMO back into operating departments or maintain CIMO as a separate entity he needs to take action so city resources are used efficiently and to ensure that city employees are treated fairly.

We shared a draft of this report with the acting manager of CIMO and the city manager on January 4, 2008. The city manager's response is appended. We would like to thank the staff in the Capital Improvements Management Office and staff in other city departments for their courtesy and cooperation during the audit. The audit team for this project was Nataliya Kurtucheva, Julia Talauliker, Vivien Zhi, Deborah Jenkins, and Sue Polys.

Gary L. White  
City Auditor

---

# Capital Improvements Management Office Follow-up

---

## Table of Contents

Introduction	1
Objectives	1
Scope and Methodology	1
Background	2
Findings and Recommendations	5
Summary	5
CIMO Made Progress on the High Priority Backlogged Projects It Managed	6
Stakeholders Need More Project Cost Information	6
Stakeholders Do Not Understand CIMO’s Indirect Cost Allocation and Want More Cost Documentation	7
CIMO Does Not Measure Performance Related to Containing Costs or Customer Satisfaction	9
Money Remains in Accounts after Projects Are Closed	10
Project Management Data throughout the City Should Be Improved	11
Some Project Milestones in Primavera Are Inaccurate	11
CIMO Is Accurately Pulling Financial Data from PeopleSoft	12
Capital Project Information Is Fragmented.	12
CIMO May Not Have Enough Work To Do In Near Future	12
Number of New Projects Assigned to CIMO Decreasing	13
Not All Departments with Capital Dollars Use CIMO	14
City Manager Should Define Scope of CIMO’s Responsibilities	16
Recommendations	16
Appendix A: City Manager’s Response	19

---

## List of Exhibits

Exhibit 1. Status of Backlogged Projects	6
Exhibit 2. CIMO Project Management Invoice	8
Exhibit 3. Completed Projects with Account Balances	10
Exhibit 4. Number of CIMO Projects Started by Fiscal Year	13
Exhibit 5. Number of Capital Projects Started by CIMO, by Department and Fiscal Year	14

---

## Introduction

---

### Objectives

We conducted this follow-up audit of the Capital Improvements Management Office (CIMO), under the authority of Article II, Section 216 of the Charter of Kansas City, Missouri, which establishes the Office of the City Auditor and outlines the city auditor's primary duties.

A performance audit systematically examines evidence to independently assess the performance and management of a program against objective criteria. Performance audits provide information to improve program operations and facilitate decision-making.<sup>1</sup>

The City Council adopted Committee Substitute for Resolution 061222 directing the city auditor to perform a follow-up CIMO audit. Council members and other stakeholders have expressed concerns about the use of capital project dollars, availability and reliability of project data, and whether CIMO completed the backlog of capital projects.

We designed the audit to address these concerns and answer the following questions:

- Did CIMO complete the identified high priority (backlogged) projects?
- Is CIMO's project data reliable and does it provide the information needed by stakeholders?

In the process of answering these objectives, other significant issues came to light which are included in the report.

---

### Scope and Methodology

We conducted this audit in accordance with generally accepted government auditing standards.

Our methods included:

---

<sup>1</sup> Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office 2003), p. 21.

- Analyzing data from CIMO's project management system and the city's financial system;
- Interviewing CIMO staff and staff from departments initiating capital projects;
- Reviewing the status of CIMO's high priority projects;
- Reviewing project management costs;
- Reviewing CIMO policies and procedures.

No information was omitted from this report because it was deemed privileged or confidential.

---

## **Background**

The city manager established the Capital Improvements Management Office (CIMO) in January 2004. Its primary goal was to expedite completion of high priority construction projects, while streamlining city processes. CIMO's scope of work began with 152<sup>2</sup> of the highest priority projects that were inherited from various city departments and requested by council members and department directors. Since 2004, CIMO was assigned to manage almost 600 projects; however, about 130 of those projects were either cancelled or returned to the initiating department. CIMO initially consisted of an integrated team of consultants and city staff. City staff took over CIMO operations in January 2007.

Our January 2005 audit of the Capital Improvements Management Office focused on whether CIMO had, or was developing, systems to manage, monitor, and report on capital improvement projects.<sup>3</sup> We found that by the end of fiscal year 2004, the city had accumulated a \$400 million backlog of unspent capital appropriations. We concluded the CIMO approach was likely to reduce the backlog and enhance project management, but stressed that CIMO's success depended on management fully implementing the changes that were underway and addressing risks going forward.

We recommended that the city manager develop a consistent cost accounting method for capital improvements; ensure that CIMO staff

---

<sup>2</sup> During the 2005 CIMO audit, the total number of high priority backlogged projects discussed was 151. The list of original high priority projects that CIMO provided to us in 2007 was 152.

<sup>3</sup> *Capital Improvements Management Office*, Office of the City Auditor, Kansas City, Missouri, January 2005.

document process changes, develop aggregate performance measures on cost and timeliness, and regularly provide information for the City Council to oversee the capital improvements program; clearly define the scope of CIMO's responsibilities; and ensure that procedures are established for ensuring that capital improvements data are reliable.



---

## Findings and Recommendations

---

### Summary

CIMO made progress on the high priority capital projects it was charged with managing. CIMO completed construction on about half of the 152 backlogged projects. About a fourth of the projects, CIMO either cancelled<sup>4</sup> or returned<sup>5</sup> to the initiating department. The remaining projects are active but construction is not complete.

On the question of whether CIMO provides the information needed by stakeholders, we found that CIMO's stakeholders require more cost information. CIMO needs to provide a written explanation and training on its indirect cost allocation method and provide stakeholders with an allocation report which better describes CIMO's indirect costs. CIMO also needs to report their performance in terms of cost containment and customer satisfaction.

While reviewing project account data, we found that some CIMO projects have money remaining in their accounts well after CIMO closed the project. Project account funds need to be swept when projects are complete, so that the unspent funds can be applied to other needs.

Some of CIMO's project data requires improvement while some of it is accurate. CIMO needs to improve the accuracy of project milestones in its project management system. However, CIMO is accurately pulling financial data into its project status reports from PeopleSoft.

Project management information for all city capital projects is fragmented. Other departments managing capital projects are not using the same database as CIMO to maintain project information. The city manager should require that all departments use a centralized system making capital project information more accessible and reliable.

An important issue surfaced during the audit unrelated to our original two objectives. CIMO is in jeopardy of running out of work. CIMO's project starts have significantly decreased to only 17 in 2008, which is down from a high of 325 project starts in 2005. Some of the departments which initiate the most capital projects are choosing not to use CIMO.

---

<sup>4</sup> A cancelled project will not proceed. The project is returned to the department that initiated it.

<sup>5</sup> A returned project has been returned to the initiating department in an unfinished state. It may be in limbo because of funding or other issues.

The city manager should define the scope of CIMO's responsibilities so that resources are not spent on a program that is underutilized. The city manager needs to address that CIMO is running out of work and explicitly define what projects CIMO should be managing. The city manager needs to take action so city resources are used efficiently and city employees are treated fairly and given the direction and the work they need to be productive and successful.

---

## CIMO Made Progress on the High Priority Backlogged Projects It Managed

CIMO made progress on the high priority backlogged projects. Of 152 original CIMO projects that made up the city's backlog, about half, or 84 projects have completed construction.<sup>6</sup> (See Exhibit 1.) In CIMO's May 2006 Progress Report, CIMO projected it would complete 90 capital projects by January 2007. About a fourth of the projects were cancelled or returned to the initiating department; 28 projects remain active but have not completed construction.

Exhibit 1. Status of Backlogged Projects

Status	Number
Construction completed	84
Active	28
Cancelled	24
Returned	16

Source: CIMO and Primavera,<sup>7</sup> August 17, 2007.

---

## Stakeholders Need More Project Cost Information

Stakeholders need more information about CIMO's indirect cost allocation method and more detail about the indirect charges to individual projects. CIMO does not have a written explanation of the allocation method. CIMO's invoices show direct and indirect charges but lack important detail. CIMO should offer an allocation report to stakeholders that shows what CIMO's total indirect costs were for the

---

<sup>6</sup> Some of the "construction complete" projects have not been officially closed out, and therefore would show up as "active" in CIMO's database of projects. For the purpose of reporting the status of the backlog, construction completion is used as the more appropriate measure of progress.

<sup>7</sup> Primavera is CIMO's project management system. It maintains planned and actual project milestone dates, project goals and accomplishments, project scope, general information about the project, and the members of the project team.

reporting period, shows from what divisions of CIMO the indirect charges came, and lists direct and indirect charges by project ID.

CIMO should report its performance in terms of containing costs and customer satisfaction. Tracking budgeted to actual costs will help CIMO identify inaccurate estimates, improve future budgets, and identify problems areas within projects. Surveying customers could improve communication and accountability.

Project funds sometimes remain in project accounts well after project completion. The city manager should establish a formal policy about who is responsible for sweeping project account funds and what should be done with the money.

### **Stakeholders Do Not Understand CIMO's Indirect Cost Allocation and Want More Cost Documentation**

Some of the city's fiscal officers and CIMO staff said they do not understand CIMO's allocation of indirect charges. Staff does not trust CIMO charges allocated to projects and is frustrated at the information CIMO provides. Current invoices from CIMO to departments include direct and indirect costs, but the invoice does not describe from which division of CIMO the indirect cost came. CIMO does not have a written explanation of the allocation method and does not share the allocation reports it generates with stakeholders. CIMO staff and department staff want documentation to be able to easily identify and understand CIMO's indirect project costs.

**City staff does not understand and does not trust the indirect cost CIMO allocates to projects.** Some of the city's fiscal officers and CIMO staff said they do not understand CIMO's indirect cost allocation method or do not trust the charges because of past overhead charges they thought were excessive. Some CIMO and department staff are not satisfied with the documentation on cost provided by CIMO. They said CIMO provides some information but it is not detailed enough.

Part of the confusion about the allocation method may exist because before fiscal year 2007, CIMO was not using a consistent method for project cost allocation. The budget officer told us that CIMO charged indirect project management costs to projects on an ad hoc basis prior to 2007. This allocation was inconsistent from year to year and project to project.

**CIMO does not have a written explanation for its indirect cost allocation method.** In order to understand the allocation methodology,

we reviewed the computer program which performs the allocation and the data from the allocation report, and interviewed city staff. CIMO's current allocation method uses a rate, or multiplier, that varies each time the allocation is performed and depends on various factors including number of active projects. To improve stakeholders' understanding of the method, CIMO staff should provide training and written explanation on the allocation to the applicable fiscal officers and CIMO staff.

**Invoices show direct and indirect charges but lack important detail.**

Departments which initiate projects receive project invoices, which include direct staff hours and rates as well as indirect charges. (See Exhibit 2.) The invoice does not describe from what division of CIMO the indirect cost came. The invoices also show a multiplier that CIMO calculated after performing the allocation method. This may be confusing to departments because the multiplier plays no role in the allocation method and is not constant from one allocation period to the next. The department cannot use it to predict future indirect charges for the project.

Exhibit 2. CIMO Project Management Invoice

INVOICE						
Department : Neighborhood & Com Service						No. 002-2008
PROJECT NUMBER:		57000140				
PROJECT NAME:		Swope Parkway Building 1st & 4th Floor				
REPORTING PERIOD:		July & August 2007				
Position	Hours	Rate	Direct	Indirect	Total	Mult
Administrative Assistant	10.0	19.88	198.77	276.41	475.18	1.39
Project Manager	3.0	41.76	125.28	174.21	299.48	1.39
<b>TOTAL</b>	<b>13.0</b>		<b>\$ 324.05</b>	<b>\$ 450.62</b>	<b>\$ 774.67</b>	

Source: Capital Improvements Management Office.

**CIMO should report to stakeholders how it allocates all of its costs.**

CIMO generates an allocation report from PeopleSoft when performing their cost allocation. The report lists costs by fund and by CIMO department ID. Currently, however, CIMO does not share this report with city staff. The report is not very useful in its current format because indirect project costs have to be calculated by going through the report and selecting rows pertaining to a specific project.

CIMO should offer a report to stakeholders that lists CIMO's direct and indirect charges by project ID, shows what CIMO's total costs were for the reporting period, and shows from which divisions of CIMO the indirect charges came. This level of transparency would inform the

council how much the city is spending on CIMO and show departments how much each of their projects is being charged for CIMO's overhead. Departments would be able to compare what their project was charged to another project to assure them of fairness.

**CIMO Does Not Measure Performance Related to Containing Costs or Customer Satisfaction**

CIMO does not measure and report their performance in terms of cost, budget, and customer satisfaction. CIMO reports a project "budget" figure in its project status report, however, the figure actually represents project funding and not the project budget. CIMO should track and compare projected and actual project costs. CIMO also needs aggregate cost performance measures. In addition, CIMO should monitor customer satisfaction through regular surveying and report results to the council.

**CIMO needs to report performance measures for cost.** In our original audit, we recommended CIMO develop performance measures for timeliness and cost. Although CIMO has several performance measures for timeliness, it does not measure its performance in terms of cost. CIMO does not compare project budgets to actual costs on a project-by-project basis. CIMO reports a project budget figure on their project status report. The reported number, however, refers to project funding. A budget is generally understood to be a financial plan. CIMO's use of the term "budget" may be misleading because that number does not allow comparison between what they thought they would spend (the plan) and what they actually spent. The number CIMO reports as "budget" increases as funding increases.

CIMO should track and report project budget compared to project cost, which measures CIMO's success in containing costs. Comparing budgeted costs to actual costs will help CIMO to identify inaccurate project estimates, improve future budgets, and identify problem areas within projects.

CIMO should develop and report aggregate performance measures of cost. CIMO has one key performance measure related to cost but has never reported data on it. The measure is the percent of dollars spent on construction change orders versus the cost of the total project. The measure has been under development since January 2006.

**CIMO should measure and report customer satisfaction.**

Departments have expressed dissatisfaction with CIMO's level of cost information detail, lack of specialized knowledge, and the handling of project accounts. To track progress in addressing these concerns, CIMO should survey their customers regularly about their performance. To

increase accountability, CIMO should report this data to the City Council.

**Money Remains in Accounts after Projects Are Closed**

Some CIMO projects have money remaining in their accounts well after CIMO closed the project. We reviewed 46 of 159 accounts of construction completed projects from 2004 to 2007, to determine whether money remained in the account after the project was closed. CIMO management told us they have a practice of sweeping project accounts quarterly for surplus funds. Eight projects had remaining project balances more than three months after CIMO closed the project. One of the project accounts still had money in it two and a half years after the project was completed. Management stated that money being left in project accounts after the project is complete has been a problem for years. (See Exhibit 3.)

Exhibit 3. Completed Projects with Account Balances

Project Number	Remaining Balance	Encumbered Balance	Project Complete Date	Days Since Project Completed
89060016	\$ 21,670		2/1/2005	911
89008056 <sup>8</sup>	418,855		3/31/2006	488
89003715	44,728		6/22/2006	405
89008047 <sup>9</sup>	175,000		8/11/2006	355
89007515 <sup>10</sup>	0	\$34,064	9/1/2006	334
89008021	81,902		10/26/2006	279
89008028	3,085		10/26/2006	279
89006744	38,420		4/6/2007	117

Source: Primavera and PeopleSoft as of August 1, 2007.

The city manager should establish a formal policy stating who is responsible for sweeping project account funds and what should be done with the money. This will help the city apply funds to other needs.

<sup>8</sup> CIMO management stated this project was Phase 1A of the ongoing Barry Road project. However, the funds were not moved to the new project account for the next phase.

<sup>9</sup> Public Works management stated that it inadvertently transferred \$175,000 for a different project into this account in April 2007.

<sup>10</sup> CIMO management stated this project is Phase 1A and is ongoing in conjunction with project 89007533. Management reported that these funds have not been moved to another phase because they are already encumbered.

---

## **Project Management Data throughout the City Should Be Improved**

Some of CIMO's project milestone dates are inaccurate; however, CIMO is accurately pulling financial data from the city's financial management system. Complete and accurate project management data is important because CIMO uses it to schedule and track capital projects as well as uses its data when reporting to stakeholders. Accurate dates and financial information will also allow better analysis of CIMO's project management performance. Overall, the city's project management data is fragmented, making it difficult for citizens, elected officials, and staff to know and monitor all the capital projects underway in the city. While CIMO uses Primavera to manage project data, other city departments that manage their own capital projects use varying methods to track them.

### **Some Project Milestones in Primavera Are Inaccurate**

Some milestone dates in Primavera do not match their source documents. Primavera, CIMO's project management system, maintains planned and actual project milestone dates, project goals and accomplishments, project scope, general information about the project, and the members of the project team.

In a sample of 24 CIMO projects with construction completed in 2006 and 2007, we looked at 4 actual milestone dates recorded in Primavera for each project.<sup>11</sup> About a third of the dates in Primavera in our sample varied from their source documents. Of those dates, 13 differed by 1 to 4 weeks, 18 differed by 5 to 30 weeks, and 3 differed by 31 weeks or more. We compared the date CIMO recorded into the project management system with source documents from both documents scanned into Primavera and those available in CIMO's central hard copy files. We could not find source documents for about 20 of the dates in the sample. CIMO management told us project managers may have the documentation and not have submitted it to the document controls division.

Accurate dates for project milestones are important to track project progress and assess CIMO's performance. CIMO management should

---

<sup>11</sup> We asked CIMO management what the source documents were for the following milestone dates in Primavera: bid complete, construction notice to proceed, construction complete, and project complete. When we compared the construction complete date in Primavera to the source document they told us to use, most of the dates did not match. We consulted CIMO management again and several CIMO project control specialists about which source document to use. Because their responses were inconsistent, we based our analysis on the date of the final acceptance letter, the document most frequently named by staff as the source of the construction complete date.

improve controls over milestone data entered into Primavera, making sure recorded milestone dates are supported by source documents.

### **CIMO Is Accurately Pulling Financial Data from PeopleSoft**

CIMO linked Primavera with PeopleSoft to pull project financial data into their project status reports (PSRs). Project funding and expenditures data on CIMO's PSRs matches data from the city's financial management system. In the same sample of 24 CIMO projects, we compared total project expenditures reported on the PSR to total expenditures recorded in PeopleSoft and AFN<sup>12</sup>. We also compared the "budget" number on the PSR to the sum of the project expenditures, remaining balance, and encumbered funds for the projects in PeopleSoft. Accurate financial data is important for tracking project progress and measuring CIMO's performance.

### **Capital Project Information Is Fragmented.**

Capital improvement data is not centralized. Stakeholders may have to consult several sources to find all of the capital projects in a council district, or to find a specific project. City departments that manage their own capital projects use varying methods of tracking projects. CIMO uses Primavera, a project management software. Water Services uses Primavera but reported the department does not keep its data current. According to their engineering and architect divisions, Parks and Recreation, Public Works, and Aviation have access to Primavera but continue to use spreadsheets and databases. Some of the departments said they want to use Primavera but need training. Lack of data centralization limits transparency, frustrates stakeholders, and makes managing and oversight more difficult. The city manager should require all departments doing capital projects to use a centralized data management system and provide training on the system.

---

## **CIMO May Not Have Enough Work To Do In Near Future**

City departments decreased the number of new projects they gave CIMO to manage by 96 percent between fiscal years 2005 and 2008. In 2005, CIMO started 325 projects. So far in fiscal year 2008, CIMO has only started 17 projects. Water Services and Public Works had the most projects managed by CIMO between fiscal years 2005 and 2008, but the numbers have steadily and significantly decreased. If departments with large capital spending continue the trend of not using CIMO and doing their own project management, CIMO will not have enough to do. If the

---

<sup>12</sup> AFN is the city's former financial data management system.

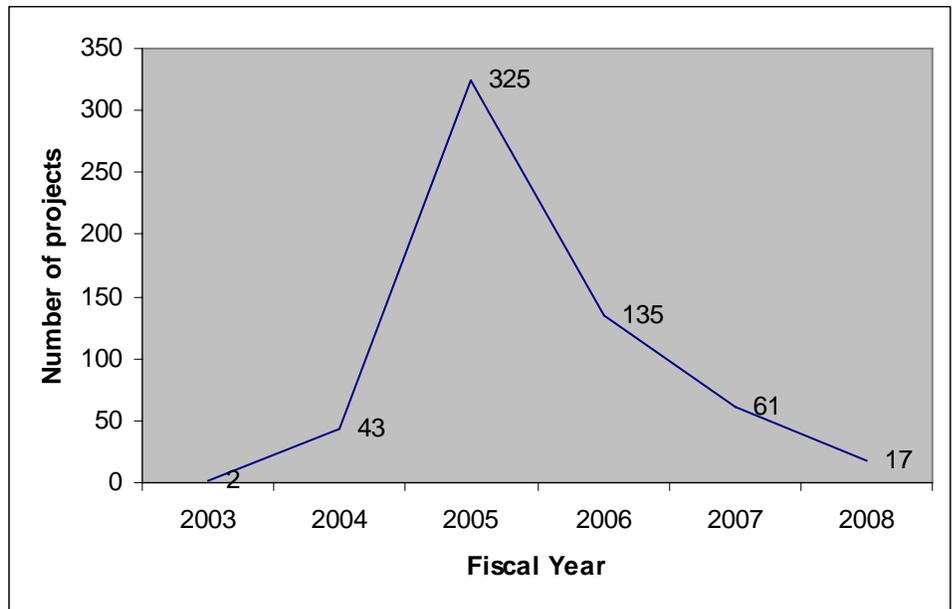
size of CIMO’s staff and other costs do not decrease, then CIMO will spread their costs over fewer projects, resulting in higher indirect costs per project.

The city manager should address that CIMO is running out of work and explicitly define and implement his expectations of what projects CIMO should be managing. He should take action so city resources are used efficiently and to ensure that city employees are treated fairly.

**Number of New Projects Assigned to CIMO Decreasing**

Departments significantly decreased the number of projects they assigned to CIMO between fiscal years 2005 and 2008. CIMO started 583 projects between 2004 and 2008, with 325<sup>13</sup> of those projects started in 2005. CIMO started only 17 projects during the first 7 months of fiscal year 2008. (See Exhibit 4.)

Exhibit 4. Number of CIMO Projects Started by Fiscal Year



Source: CIMO, Primavera Dashboard November 19, 2007.

Public Works and Water Services have had the most projects managed by CIMO, but those numbers are decreasing. CIMO started 167 capital projects for Public Works in 2005 and only 4 projects in the first 7

<sup>13</sup> Ninety of the 583 projects did not have any project dates recorded in Primavera. We assumed that those projects were started in fiscal year 2005 or before because CIMO started using Primavera in May 2005. According to CIMO staff, milestones were not implemented until mid-2006, and older projects may not have dates in CIMO’s current database.

months of 2008. Water Services used CIMO for 123 projects starting in 2005 and only 10 projects through November 19, 2007. (See Exhibit 5.)

Exhibit 5. Number of Capital Projects Started by CIMO, by Department and Fiscal Year

Department <sup>14</sup>	2003 <sup>15</sup>	2004	2005	2006	2007	2008	Total
Architect's Office	0	1	13	11	4	0	29
Aviation	0	0	1	0	0	0	1
City Manager's Office	0	0	1	2	1	0	4
City Planning	0	0	1	8	14	1	24
Convention & Entertainment	0	0	0	0	2	0	2
Fire	0	0	0	0	1	0	1
Health	0	0	0	1	0	0	1
Information Technology	0	0	0	0	1	0	1
Neighborhood & Community Services	0	0	1	1	3	0	5
Parks & Recreation	0	2	8	4	1	2	17
Police	0	2	2	0	0	0	4
Public Works	2	20	167	88	26	4	308
Public/ Private <sup>16</sup>	0	0	1	3	0	0	4
Water Services	0	5	123	16	8	10	162
No Department shown	0	13	7	1	0	0	21
<b>Total</b>	<b>2</b>	<b>43</b>	<b>325</b>	<b>135</b>	<b>61</b>	<b>17</b>	<b>583</b>

Source: CIMO, Primavera Dashboard as of November 19, 2007.

The fewer projects CIMO manages, the larger the remaining projects' share of the indirect costs could be. If CIMO's costs remain the same, and the size of the staff and other costs do not correspondently decrease with the decreasing number of projects, then CIMO will spread its costs over fewer projects.

### Not All Departments with Capital Dollars Use CIMO

Some city departments with large capital project budgets said they have the expertise and resources and are choosing to manage their own projects instead of turning them over to CIMO. Aviation Department management said it has never used CIMO and it has enough staff to do its own capital projects. Water Services management said that their projects are more technical and CIMO's expertise is in general management of the construction process. Parks and Recreation Department management said they continue to manage some capital projects that either require their own expertise or because it provides continuity between helping develop what constituents want and what is

<sup>14</sup> The department names came from CIMO's Primavera records. This is the department that initiates the capital project. There may be some overlap in the departments. For example, the Architect's Office was part of Public Works. Some of the departments listed are actually offices rather than departments.

<sup>15</sup> CIMO was not formed until 2004, however, CIMO recorded the start date of two projects as 2003.

<sup>16</sup> Public/Private was the department name CIMO used for the KC Live!, Zoo, and Arena projects.

built. Despite a significant decrease in the number of projects Public Works has given CIMO, Public Works management said Public Works and CIMO are working fairly well together.

Other departments without engineering and architectural expertise rely on CIMO for management of their capital projects.

**Aviation does not use CIMO.** The city manager told us in March 2007 that Aviation was “on board” with CIMO, however Aviation management said it has not used CIMO. Aviation management said it has enough staff to do their own capital projects. They said all of their projects are airfield projects. They believe it is better to do the projects themselves rather than give them to CIMO, since Aviation receives money from the Federal Aviation Administration (FAA) and FAA rules and regulations need to be followed.

**Water Services management does not think CIMO has the technical expertise to manage some of their projects.** Water management stated that their capital projects are more technical and specialized while CIMO’s expertise is general management of the construction process. Water Services management said CIMO’s goal to stay on schedule can create problems with Water Services projects if it is emphasized over proper project review and construction.

**Parks and Recreation management said some projects are too specialized to turn over to CIMO.** According to Parks management, some of their projects require the special expertise of Parks staff for project management. Parks also stated that because they work closely with the neighborhoods that use the facilities, it is better for them to manage the projects and make sure there is continuity between what the constituents want and what is built. Instead of using CIMO, Parks is acting as the project manager for the Southeast Community Center and the polar bear exhibit at the zoo.

**According to the public works director, CIMO and Public Works are working fairly well together.** However, he said he did have a few concerns about CIMO’s billing, overhead charges, and changes to project scope and funding. He said Public Works decides when to involve CIMO in a project. Although Public Works has experience in project management, the director said if the department needs to hire a design consultant for a capital project, then Public Works passes that project to CIMO.

**Other departments rely on CIMO for capital project management.**

Fire, City Planning and Development, Convention and Entertainment Centers, Neighborhoods and Community Services, and Police do not have their own engineers on staff to act as project managers so they rely on CIMO. Prior to CIMO, Fire, Conventions and Entertainment Centers, and other departments did capital projects through the city architect and Public Works.

**City Manager Should Define Scope of CIMO's Responsibilities**

The city manager should define CIMO's role in the city so that resources are not spent on a program that is underutilized. He should address that CIMO is running out of work. Many city staff came from different city departments to form CIMO when the city manager consolidated construction management functions into CIMO. If CIMO is not used, the staff is without enough work and left wondering what will happen to their positions.

The city manager should explicitly define what projects CIMO should be managing. Whether he intends to fold CIMO back into operating departments or maintain it as a separate entity, he needs to take action so city resources are used efficiently and to ensure that city employees are treated fairly.

---

## **Recommendations**

1. The acting manager of CIMO should develop a written explanation of the indirect cost allocation method and provide training on the method to relevant city staff.
2. The acting manager of CIMO should provide stakeholders with a cost allocation report that lists direct and indirect charges by project ID, shows what CIMO's total indirect costs were for the reporting period, and shows from what divisions of CIMO the indirect charges came.
3. The acting manager of CIMO should compare and report project budget to project cost on each project.
4. The acting manager of CIMO should develop and report aggregate performance measures of costs and cost containment.
5. The acting manager of CIMO should develop a formal customer feedback system for departments to give CIMO feedback about their

performance. The results of the formal survey should be reported to the City Council.

6. The city manager should establish a formal policy about who is responsible for sweeping project account funds once a project is complete and what should be done with the money.
7. The acting manager of CIMO should improve controls over project milestone data entered into Primavera to help ensure accuracy.
8. The city manager should require all departments doing capital projects to use a centralized data management system and ensure that training is provided on the system.
9. The city manager should determine whether CIMO will continue or whether it will be folded back into operating departments. If CIMO will continue, the city manager needs to address that CIMO is running out of work.



---

## **Appendix A**

---

### **City Manager's Response**



CITY OF FOUNTAINS  
HEART OF THE NATION



KANSAS CITY  
MISSOURI

FEB 14 2008

## Capital Improvements Management Office

**DATE:** February 8, 2008  
**TO:** Gary White, City Auditor  
**FROM:** Wayne Cauthen, City Manager  
**RE:** Response to Draft Audit on Capital Improvements Management Office

The Capital Improvements Management Office was formed in 2004 to expedite construction of the city's capital projects backlog, to establish new project management and project delivery systems for the City and to train City staff in private and public sector best practices in order to maintain a consistent level of excellence.

City audits from 2000 and 2005 have stated the need for a centralized capital program, and we have worked to create mechanisms which allow that program to work with maximum efficiency. CIMO's successes have illustrated this need as the organization has completed hundreds of projects since its inception, and we acknowledge the need to continue to refine the City's capital delivery system.

To that respect, we welcome the opportunity to review our successes over the past four years and identify new opportunities for excellence and innovation.

In order to adequately respond to the audit provided by your office on January 4, 2008, we will address four points within the audit's findings before speaking to the individual recommendations.

**CIMO Made Progress on the High Priority Backlogged Projects It Managed** – The organization's success in addressing its original 152-project backlog list is important. Factoring out the 38 projects withdrawn due to funding or cancelled by the originating department, CIMO project teams completed construction on almost 85 percent of its real initial project load (see Appendix A.)

In addition, CIMO added more than 400 additional projects to its portfolio in Summer 2004. The group completed more than two hundred projects beyond its initial backlog list since its inception, ranging from neighborhood sewer improvements to major construction initiatives such as the Sprint Center and infrastructure improvements constructed in the Kansas City Live District .

Please note as well that CIMO returns or cancels projects only at the direction of our originating departments or the City Council. CIMO does not unilaterally cancel or return projects.

**Project Management Data Throughout the City Should Be Improved** – We agree with this assessment and continue to improve this system. CIMO's use of the Primavera project management

system illustrates the value of a comprehensive, universal project management mechanism. Primavera provides every member of the project team with the information necessary to perform his or her job efficiently. In addition, CIMO uses Primavera to populate Project Status Reports which are used by City staff, originating departments and elected officials to get a real-time update on project activity. Primavera also serves as the engine for CIMO's Public Access Link or PAL, an online source of project information available through the CIMO website (located at <http://www.kcmo.org/cimo.nsf/web/public>) to citizens and interested parties.

Other capabilities have been identified within Primavera, and CIMO staff will include these capabilities in their procedures once they are fully explored.

At present, other departments use a range of project management tools, ranging from Microsoft Projects to paper spreadsheets. This lack of uniformity creates a system which is not as transparent and does not give easy and consistent access to data. We have provided training opportunities in the past and would be happy to provide additional training to City employees on Primavera to help facilitate this effort.

**Money remains in Accounts After Projects Are Closed** – The sample list presented of projects with funds remaining upon project closure needs clarification. Of the reported eight projects totaling \$817,724 that the audit said should be cleared, we found three projects which should not be closed or that CIMO did not control. The total balance in those three projects is \$627,929, or 76.8 percent of the total identified in the report:

1. Project 89008056 is Phase 1A of the ongoing Barry Road project; those funds carried over into a series of ongoing projects.
2. Project 89007515 (Aquila Streetlighting Phase 1a) is ongoing in conjunction with project 89007533 - Aquila Phase I.
3. Project 89008047 has \$175,000 as a result of Budget Transfer 534299, which was entered by Public Works and approved by OMB on April 3, 2007 due to an accounting error. CIMO closed the project in 2006.

We will continue to coordinate with the Budget Office to help resolve this issue.

**Not All Departments With Capital Dollars Use CIMO** – One of CIMO's challenges since its inception has been establishing solid relations with our originating departments. Despite our efforts, some agencies feel that they have projects that require greater expertise in their areas of construction and have kept projects for their own departments. CIMO has drafted Memoranda of Understanding with a number of departments throughout the City, and plans to finalize additional Memoranda with the remaining capital providers before the end of Fiscal Year 2008.

CIMO benefits from a truly centralized capital organization. Our project teams combine the knowledge needed to complete projects with the skill gained through regular work on a range of projects. These skill sets, when combined with the CIMO services of which other departments are already availing themselves (including right-of-way services, contract administration services and bidding services through the

CIMO-maintained Kansas City Plan Room) would ensure an efficient capital mechanism for all of the City's projects.

### **Recommendations**

#### **1. The acting manager of CIMO should develop a written explanation of the indirect cost allocation method and provide training on the method to relevant city staff.**

We agree with this assessment and continue to work with other departments on this issue. CIMO began distributing invoices to originating departments with the July-August 2007 billing period (see Appendix B.) A memo from CIMO's Project Controls Manager accompanied the first invoices to each department director. The memo provided definitions for each item on CIMO invoices. The invoice template is based on similar invoices that the City receives from external firms. Indirect charges are described as "... each project's share of administrative support costs including, but not limited to, administrative personnel, printing, mileage, and office supplies." The Indirect Charge also represents costs that are included in CIMO's budget but are outside CIMO Departmental Operations such as legal services, MBE/WBE compliance, and General Liability Insurance (see Appendix C.)

Currently, CIMO is developing a billing system in which the CIMO hourly rate and multiplier will remain constant throughout all billing periods and across all projects. The new process will allow CIMO and its clients to better estimate project management charges. Finally, the new method will be submitted to the City's state and federal grantees so that the City can be reimbursed for indirect project management costs. This will ensure that the City can recoup eligible reimbursements by using an approved Indirect Costs Rate Plan (ICRP). The Office of Management and Budget and the Accounts Division granted approval for CIMO to undertake this approach. The new billing system will take effect May 1, 2008.

#### **2. The acting manager of CIMO should provide stakeholders with a cost allocation report that lists direct and indirect charges by project ID, shows what CIMO's total indirect costs were for the reporting period, and shows from what divisions of CIMO the indirect charges came.**

We largely agree with this assessment. CIMO provides departmental fiscal officers with detailed spreadsheets that display all CIMO Direct Charges, CIMO Indirect Charges, and charges-in from other departments (e.g. MBE/WBE compliance, contract compliance). The reports are typically 400 pages for each two-month CIMO billing. In addition, CIMO provides a 150-page Cost Allocation report from PeopleSoft which includes a summary page that displays all direct and indirect costs by DeptID for the reporting period. Client feedback indicated that these reports were too cumbersome. Therefore, CIMO implemented the CIMO invoicing system described above. Finally, also as described above, CIMO is implementing a flat-rate ICRP that will eliminate the complex cost allocation methodologies in favor of a simple multiplier system based solely upon direct time.

This reporting is an improvement that CIMO established and will continue to enhance.

#### **3. The acting manager of CIMO should compare and report project budget to project cost on each project.**

The term “Budget” as reported on CIMO’s Project Status Reports (PSRs) coincides with the use of the term “Budget” in the City’s PeopleSoft financial management system. It represents all appropriations that have been approved to date via Adopted Budgets, ordinances, and approved budget transfers. CIMO welcomes a comparison of original budgets to final costs on projects. However, there are many factors in a project development that often lead to original budgets that are significantly different from Adopted Budgets through the Capital Improvements Plan. Such factors including inconsistent estimating practices across departments, client-requested scope changes, and unforeseen funding delays often affect a budget before a project is transferred to CIMO. CIMO would ask for input from relevant stakeholders such as originating departments and the Office of Management and Budget for the definition of an “original budget.”

In future, as part of the process of taking on new projects, CIMO will assess the originating department’s estimate of project costs and scope and act accordingly. This should allow us to have an accurate number to compare and report project budget to project cost on each project

**4. The acting manager of CIMO should develop and report aggregate performance measures of costs and cost containment.**

We agree with this assessment and complied with Resolution 070633, which defines how capital charges are allocated (see Appendix D). CIMO has provided to the City Council reports that show project management costs are less than 7 percent of overall construction on CIMO-managed projects. The goal as stated in the FY 2005-06 Adopted Budget is 10 percent or less. CIMO can incorporate these figures as part of its Key Performance Indicators (KPIs). We will continue to adhere to the resolution, and the pilot program we have established could be used by other departments as a model.

We will develop additional performance measures using the procedure outlined in our response to Recommendation 3 to help us track costs and cost containment.

**5. The acting manager of CIMO should develop a formal customer feedback system for departments to give CIMO feedback about their performance. The results of the formal survey should be reported to the City Council**

We agree with this assessment. CIMO has performed individual customer feedback exercises over the course of its existence with limited response from our originating departments. CIMO is currently exploring a comprehensive customer feedback survey system, which we plan to launch in the third quarter of 2008; furthermore, feedback surveys will be distributed and presented on a regular basis.

**6. The city manager should establish a formal policy about who is responsible for sweeping project account funds once a project is complete and what should be done with the money.**

I will direct the Office of Management and Budget to review current practices to determine how project funds are currently reallocated. We will develop an administrative process by which the Budget Office will semi-annually review project lists throughout the city, currently planned for October and June. They

will examine closed projects and consult with the agencies that were assigned the funds to determine their disposition and reuse.

**7. The acting manager of CIMO should improve controls over project milestone data entered into Primavera to help ensure accuracy.**

CIMO agrees that scheduling and milestone data are some of the most critical components of projects and project reporting. CIMO is trying continually to improve its Quality Control/Quality Assurance process.

However, we believe that the audit did not capture accurate information concerning the schedule variance on a number of projects. Because of the complexities of the construction industry and the documentation requirements of the city, some documents cannot be used as a specific timing indicator. As an example, if you correspond the Final Construction Contract Closeout Checklist to CIMO's Construction Complete milestone it will give you results that do not reflect actual conditions. This Final Acceptance Letter is a part of project closeout, which sometimes occurs much later than Construction Complete due to required documentation from sources outside of CIMO.

CIMO will work to identify specific source documents that tie in to specific activities for critical milestones in our processes. We are already reviewing this to make sure no confusion can occur in the future.

**8. The city manager should require all departments doing capital projects to use a centralized data management system and ensure that training is provided on the system.**

I will develop an administrative directive that requires all new projects authorized after the FY 2008-2009 budget and all new bond funded projects shall be entered into the Primavera project database before the funds are released to the departments. In addition all remaining projects currently in process shall be entered into the system within 6 months. Projects will be required to be updated on a monthly basis with schedule, budget, and status information. This administrative directive will be submitted to staff for review and comment and will be presented to the Council for discussion before the first quarter of Fiscal Year 2009.

The current training academy will incorporate a module to train staff on use of the system. This will be offered periodically and will be modified as users needs and skills change.

**9. The city manager should determine whether CIMO will continue or whether it will be folded back into operating departments. If CIMO will continue, the city manager needs to address that CIMO is running out of work.**

I propose to submit to the Council that CIMO shall become an official department of the City of Kansas City Missouri. In this role, it shall be responsible for the management and construction of all of the City's capital construction projects as recommended in Performance

Audits submitted in July 1995, April 2000 and May 2004. This includes projects initiated from the Water Department, Parks Department, Aviation Department, Public Works Department, General Services Department and any other capital projects proposed by the city.

The operating departments will shift their focus to improving their customer service, operations, backlogged emergency repairs, and general maintenance. The transfer of all capital projects out of their operations will allow them to have the time and resources to accomplish this vital task.

The city will define capital projects as construction of new assets and facilities, using the federal government's definition of "modifications to existing real property that: (1) extend its useful life by two years or more or (2) enlarge or improve its capacity or otherwise upgrade it to serve needs different from, or significantly greater than, those originally intended." (Source: [Department of the Interior], Interior Real Property Financial Management Policy, Section VII, Part 3).

Proposed projects within the City that need clarification or review shall be presented to a Project Review Panel when the project is identified or funds proposed. This panel shall review the project and determine the appropriate course of action on the project before any work is initiated. The Project Review Panel shall be created by Administrative Regulation and the members shall be appointed by the City Manager.

## Appendix A

Project Status	PROJ_NUM	Project Name	Completion Date/Status
Active	89000035	FIRE STATION 35	Under Construction
Active	89000018	FIRE STATION 18	Design Only
Active	89005422	31st St. Bridge over Wyandotte near Penn Valley Park	Under Construction
Active	89005445	NW Interurban Rd. Bridge over Wildcat Branch	Under Construction
Active	89005446	NW Interurban Rd. Bridge over Todd Creek	Under Construction
Active	89005462	NW 128th St. Bridge over Wildcat Branch	Under Construction
Active	89005470	Truman Road (Upper Viaduct) over Blue River	Substantially Complete
Active	89005478	(5478-DW) NW 100th St. over Branch of Second Creek	Substantially Complete
Active	89003791	NW 70th St and NW Overland Drive Sewer Main Extension	Underfunded - Design only
Active	89000023	FIRE STATION 23	Substantially Complete
Active	89003778	49th and Farley Ave. Sanitary Sewer	Underfunded - Design only
Active	89000059	FIRE ACADEMY TRAINING TOWER	Substantially Complete
Active	89003767	NE 32nd St. & N Garfield Ave.	Underfunded - Design only
Active	89008037	(8037-JR) 87th Street Section 1 - U71 to Denver	Substantially Complete
Active	89003634	72nd St. from College to Bales	Under Construction
Active	KC Live	Downtown Entertainment District / KC Live	Substantially Complete
Active	89003521	Duke Gibson Dr. Storm Drainage	Substantially Complete
Active	89000930	(0930-EB) New Police Academy	Substantially Complete
Active	89008000	N Oak Tlwy. (Sec. 2) 96th St. to 111th St.	Under Construction
Active	89000932	(0932-EB) Patrol Station Shoal Creek	Substantially Complete
Active	89008008	22nd-23rd Corridor Sec 1B - Tracy to Brooklyn	Under Construction
Active	89000931	New Metro Police Station	Under Construction
Active	89001213	22nd-23rd Corridor Sec 1A - McGee to Harrison	Under Construction

**Active Total: 23**

**Appendix A, continued**

Project Status	PROJ_NUM	Project Name	Completion Date/Status
Canceled	89004368	Holmes and Truman Signal Improvements	
Canceled	89004367	Holmes and 14th Street signal improvements	
Canceled	89003676	8000 Block of N Garfield & N Euclid	
Canceled	89004366	Holmes and 13th Street signal Improvements	
Canceled	89004365	Charlotte and Independence Avenue Signal improvements	
Canceled	89003703	10000 Madison Drainage	
Canceled	89004363	Charlotte and 10th signal improvements	
Canceled	89003788	100th & Bennington Drainage - Sec 2	
Canceled	89004362	Central and 10th Signal Improvement	
Canceled	89003672	6273 N Holly	
Canceled	89003707	3707 - 3627 NE Antioch Rd.	
Canceled	89004369	Locust and 13th signal improvements	
Canceled	89004364	Charlotte & 8th signal improvements	
Canceled	89005479	NE Staley Rd. Bridge over East Fork Shoal Creek (N172b11)	
Canceled	89004370	Locust and 9th signal improvements	
Canceled	6325	2400 Block of E 10th Street	
Canceled	89008094	Pave alley between 7th and 8th and Cypress and Kensington	
Canceled	89005480	NE Staley Rd. Bridge over East Fork Shoal Creek (N183b41)	
Canceled	89005476	NE 76th St. Bridge over Little Shoal Creek (East)	
Canceled	89005475	NE 76th St. Bridge over Little Shoal Creek (West)	
Canceled	6324	900 Block of Brooklyn	
Canceled	82000053	0053 - Main Str. Sewer Outfall (emergency)	
Canceled	89004371	McGee and 10th signal improvements	
Canceled	89005481	NE Staley Rd. Bridge over East Fork Shoal Creek (N183c31)	
<b>Canceled Total:</b>	<b>24</b>		

## Appendix A, continued

Project Status	PROJ_NUM	Project Name	Completion Date/Status
Construction Completed	89003723	97th St. & Eastern Ave. SD 786 861 & 13023 (Bannister Acres)	04/17/06
Construction Completed	70042301	Independence Blvd Streetscape	09/17/07
Construction Completed	89000029	FIRE STATION 29	09/15/06
Construction Completed	89000041	FIRE STATION 41	06/13/07
Construction Completed	89008072	19th St. Construction Kansas Ave. to Agnes	06/24/07
Construction Completed	89000016	FIRE STATION 16	11/21/06
Construction Completed	89003562	55th & Bennington Sanitary Sewer Phase 1	06/12/07
Construction Completed	89003505	83rd & Oldham Rd. SD 11023	11/16/07
Construction Completed	89006983	Eastern Ave Improvements 7200 Block	06/11/06
Construction Completed	89004097	75th St. and State Line Rd. Intersection	07/29/06
Construction Completed	89003450	82nd & James A Reed Rd.	11/16/07
Construction Completed	89003706	44th Terr. & N Holmes	04/30/07
Construction Completed	89003558	100th & Bennington Drainage - Sec 1	12/15/04
Construction Completed	89003561	Mayfair Storm Sewers Sec 2 - 1102 E108th St to Mt Moriah	04/01/05
Construction Completed	89003592	NE 37th St. Terr. & N Olive Ave.	11/10/05
Construction Completed	89003597	7708 Snt-A-Bar Rd. Storm Drainage	07/31/05
Construction Completed	89003547	107 E 97th St. Drainage	06/24/05
Construction Completed	89003600	11001 E 49th St. Drainage	05/13/05
Construction Completed	89002857	Alley - NE of 8th and Wabash	12/30/04
Construction Completed	89003626	217 W Sweeney Storm Sewer	12/16/05
Construction Completed	89003635	5218 Delaware to 5303 Collage	06/10/05
Construction Completed	6117	Pleasant Valley Road Athletic Complex	02/01/05
Construction Completed	89003651	5447 N Kansas	07/31/06
Construction Completed	89003660	3660 - 5712 N Belton Storm Sewer	12/01/04
Construction Completed	89003598	5009 Norwood Ave. Near E 50th Terr.	10/19/05
Construction Completed	70024001	Pleasant Valley Park Lighting	04/11/05
Construction Completed	89000019	FIRE STATION 19	10/28/06
Construction Completed	89000014	FIRE STATION 14	12/27/06
Construction Completed	81000124	Fairlane Subdivision Relief Sewer Rehabilitation	02/01/05
Construction Completed	89003690	3690 - 11611 E 58th Terr. Storm Sewer	07/15/05
Construction Completed	80006701	6701 - Bannister Acres Sanitary Swers	06/09/06
Construction Completed	70400117	Lake Restoration at Migliazzo Parks	05/30/05
Construction Completed	89003403	NE 92nd St. & N View Crest Dr Hwy 152 to Hwy 169	03/31/05
Construction Completed	70400114	Chaudiere Woods Park Lake Restoration	05/30/05
Construction Completed	89003532	NE 38th St & N Flora Ave	12/22/05

**Appendix A, continued**

<b>Project Status</b>	<b>PROJ_NUM</b>	<b>Project Name</b>	<b>Completion Date/Status</b>
Construction Completed	89002713	N Oak Tfwy. & 114th St. Drainage	10/25/05
Construction Completed	89002848	Broadway Corridor Enhancement Program - Urban Foyer	06/30/05
Construction Completed	89002877	Broadway Corridor Enhancement Program - Northland Foyer	06/30/05
Construction Completed	7219	Downtown Airport - Runway 1/19 Rehab	08/28/06
Construction Completed	89003449	NE 80th & N Antioch Rd. Sanitary Sewer North of Claybrook	10/02/06
Construction Completed	89003531	NE 38th St & N Lydia Ave	12/22/05
Construction Completed	70400116	Englewood Park Lake Restoration	05/30/05
Construction Completed	89005444	3-Culvert Replacements on Booth, McKinley & Wallace Ave.	06/14/06
Construction Completed	89003718	Washington Storm Sewers 91st St. to Western Hills Dr.	06/03/05
Construction Completed	89003721	4615 NE 42nd St.	05/16/05
Construction Completed	89003733	N 41st Terrace & Hardesty	04/30/05
Construction Completed	89003735	6200 NW Karen Storm Sewer Design	03/31/05
Construction Completed	89003673	3673 - 10305 N Forest Ave. Storm Sewer	09/13/05
Construction Completed	89003738	3738 - 3109 NW Oakcrest Dr. Storm Sewer	04/01/05
Construction Completed	89003688	3688 - 11612 E 55th St. Storm Sewer	05/12/05
Construction Completed	89003772	3736 N Prospect Ave. Drainage	11/10/05
Construction Completed	89003773	4056 N Walfrond Ave. Drainage	10/06/06
Construction Completed	89003717	3717 - Sunset Hill Drainage / Curb	05/10/05
Construction Completed	89005424	Little Blue Rd. over Little Blue River	05/26/06
Construction Completed	89003737	5933 NW Hutson	11/24/05
Construction Completed	89006744	Booth Ave. Section 1 - Storm	11/01/05
Construction Completed	89006799	Kensington St. Improvements 54th to 54th Terr	03/31/06
Construction Completed	89006805	Brooklyn Ave. Sec 1 - 82nd to 83rd Terr (W)	01/16/06
Construction Completed	89006975	Cleveland Ave - Red Bridge Road to 113th Terrace	09/30/05
Construction Completed	89008021	James A Reed Rd. 88th to 89th	12/30/05
Construction Completed	89008030	Alley - NE of Brighton and Thompson	12/30/04
Construction Completed	89008047	Montgall Ave 21st St. to 22nd St.	01/15/05
Construction Completed	89008062	N Main St. Improvements Evansdale to Briarcliff	06/12/06
Construction Completed	89008100	Brooklyn Garfield Alley	02/01/06
Construction Completed	89004112	State Line Rd. & 92nd St. Intersection	03/14/07
Construction Completed	89003689	56th St. & Ridgeway	05/31/06
Construction Completed	89003685	Norton Ave. Storm Drainage 1900 Block	01/30/07
Construction Completed	89003687	48th St. - Blue Ridge Blvd to Norwood	06/30/05
Construction Completed	89003682	3682 - 6923 N Cosby Dr. Storm Sewer	01/13/06
Construction Completed	89003681	3681 - 5717 N Robinhood Lane Storm Sewer	04/15/05

## Appendix A, continued

Project Status	PROJ_NUM	Project Name	Completion Date/Status
Construction Completed	89003745	5320-24 Cottage Ct	05/31/05
Construction Completed	89003715	3715 - 72nd St. & Grand Storm Sewer	12/01/04
Construction Completed	89003680	2500 NW 85th Terr.	06/27/07
Construction Completed	89003683	3683 - 3700 NW 62nd Terr. Storm Sewer	08/31/05
Construction Completed	89003679	6135 NW Wales (I-29 & 59th St. Drainage)	10/09/06
Construction Completed	89003678	3678 - 5745 NW 56th St. Storm Sewer	01/15/05
Construction Completed	89003696	61st St. and Indiana Drainage Town Fork Creek	04/17/05
Construction Completed	89003693	4808 Norwood	06/30/05
Construction Completed	89003694	4805 Vermont Ave.	07/17/06
Construction Completed	89003674	5509 NW Meadowvale	10/08/06
Construction Completed	89003695	3695 - 53rd & Cypress Storm Sewer	03/16/06
Construction Completed	89003691	3691 - 5901 to 6005 Larson Ave. Storm Sewer	10/24/05
Construction Completed	89003699	3699 - 61st St. and Bellefontaine Town Fork Creek Drainage	03/10/06
Construction Completed	89003697	3697 - 4336 Brooklyn Storm Sewer	06/30/05
Construction Completed	89008031	Manchester Ave. Improvements	11/15/06
Construction Completed	4378	Pleasant Valley Road/Shoal Creek Road Study	
<b>Completed total: 86</b>			

**Appendix A, continued**

<b>Project Status</b>	<b>PROJ_NUM</b>	<b>Project Name</b>	<b>Completion Date/Status</b>
Hold	89003406	NE 61st St. & N Wheeling SD 20014-18	Underfunded - Design only
Hold	89003479	75th St. and Westridge Storm Drainage	Acquiring Right of Way
<b>Hold Total: 2</b>			
RetForComp	89005430	(5430-DW) Misc. Culverts & Guardrails	
RetForComp	89001270	(1270-CT) Longview Rd. Sec 1	
<b>RetForComp Total: 2</b>			
Returned	70055904	Blue Valley Park	
Returned	89003609	9035 Old Santa Fe Old Santa Fe to Eastern	
Returned	70052901	12th Street Streetscape	
Returned	81099785	Rocky Branch WWTP	
Returned	89000007	FIRE STATION 7	
Returned	89000010	CBD Fire Station 10	
Returned	89000017	FIRE STATION 17	
Returned	89004373	31st & Lindwood Intersection Improvements	
Returned	89004372	Prospect & Gregory Intersection Improvements	
Returned	89004177	Prospect & Meyer Intersection Improvements	
Returned	89000024	FIRE STATION 24	
Returned	89003780	NE 92nd St. & N View Crest Dr - Section 3	
Returned	89003530	NE 48th St. & N Bristol Ave. SD 21002	
Returned	89004374	Meyer & Wornall Intersection Improvements	
<b>Returned Total: 14</b>			

**Appendix B**

*City of Mountains  
Heart of the*



*Kansas City  
Missouri*

**Capital Improvements Management Office**

11th Floor, City Hall  
414 East 12th St.  
Kansas City, Missouri 64106-2705

**INVOICE**

No. 002-2008

Department: **PUBLIC WORKS**

PROJECT NUMBER: **89004421**  
PROJECT NAME: **Blue Ridge Blvd & 107th Street Geometric & Signal Improvement**

REPORTING PERIOD: **July & August 2007**

<b>Position</b>	<b>Hours</b>	<b>Rate</b>	<b>Direct</b>	<b>Indirect</b>	<b>Total</b>	<b>Mult</b>
Administrative Assistant	2	28.69	57.38	51.32	108.70	0.89
Right of Way Agent	110	29.66	3,262.38	2,918.00	6,180.38	0.89
Contract Administrator	17.5	200.79	3,513.78	3,142.87	6,656.65	0.89
Team Lead - ROW	4	36.85	147.41	131.85	279.26	0.89
Team Lead - Project Controls	0.5	46.42	23.21	20.76	43.97	0.89
Administrative Assistant	0.5	24.72	12.36	11.05	23.41	0.89
Project Manager	60	45.01	2,700.39	2,415.33	5,115.72	0.89
<b>TOTAL</b>	<b>194.5</b>		<b>9,716.91</b>	<b>8,691.19</b>	<b>\$ 18,408.10</b>	

The attached report is a true and correct statement of expenditures under the above stated contract for the invoice period. Further, all expenditures claimed were made in accordance with the provisions set forth in the contract.

If you have any questions, please feel free to call:

**Scott Huizenga**  
**(816) 513-2725**

**Appendix C**  
**Summary of Capital Internal Charges**  
**Fiscal Years 2007 2008 2009**

	FY2007 Actual		Estimate 2008		Estimate 2009	
CIMO Internal Direct Charges	Total Expenditures	%	Total Expenditures	%	Total Expenditures	%
Salaries	3,467,683.39	24.9%	3,076,354.66	29.4%	3,230,172.39	29.8%
Consultant Services	1,125,169.41	8.1%	506,331.42	4.8%	516,458.05	4.8%
<b>Subtotal CIMO Direct</b>	<b>4,592,852.80</b>	<b>33.0%</b>	<b>3,582,686.08</b>	<b>34.2%</b>	<b>3,746,630.44</b>	<b>34.5%</b>
<b>CIMO Internal Indirect Charges</b>	<b>Total Expenditures</b>	<b>%</b>	<b>Total Expenditures</b>	<b>%</b>	<b>Total Expenditures</b>	<b>%</b>
Salaries	3,227,822.51	23.2%	3,411,767.69	32.6%	3,582,356.08	33.0%
Consultant Services	792,962.67	5.7%	705,077.27	6.7%	719,178.81	6.6%
Commodities	123,645.73	0.9%	121,623.05	1.2%	122,839.28	1.1%
Equipment	200,658.95	1.4%	0.00	0.0%	0.00	0.0%
<b>Subtotal CIMO Internal Indirect</b>	<b>4,345,089.86</b>	<b>31.2%</b>	<b>4,238,468.00</b>	<b>40.5%</b>	<b>4,424,374.16</b>	<b>40.8%</b>
* CIMO Internal Indirect Overhead costs include all "back office" charges to support capital delivery. These expenditures include, but are not limited to: administrative support salaries, office supplies, vehicle purchases/ maintenance, mileage, printing, duplicating, professional development, furniture, and telephone/PC support, etc.						
<b>Additional Project Charges</b>	<b>Total Expenditures</b>	<b>%</b>	<b>Total Expenditures</b>	<b>%</b>	<b>Total Expenditures</b>	<b>%</b>
Consultant Overhead	2,572,854.79	18.5%	77,075.63	0.7%	78,617.14	0.7%
Law Dept	306,973.00	2.2%	296,420.35	2.8%	311,241.37	2.9%
Human Relations Dept	1,077,772.60	7.7%	1,138,311.54	10.9%	1,195,227.12	11.0%
Section 3 Compliance						
MBE/WBE Compliance						
Prevailing Wage Monitoring						
Tort Claim from 2002 Public Works	603,386.00	4.3%	641,014.00	6.1%	650,000.00	6.0%
Sign Maintenance	47,798.20	0.3%	102,201.80	1.0%	102,201.80	0.9%
Art	122,664.24	0.9%	170,163.62	1.6%	178,671.80	1.6%
Security	5,200.00	0.0%	5,200.00	0.0%	5,200.00	0.0%
Public Works Materials Lab	72,385.00	0.5%	85,987.99	0.8%	90,287.39	0.8%
ADA	70,128.12	0.5%	59,369.65	0.6%	0.00	0.0%
Water Planning Staff	116,297.75	0.8%	66,048.93	0.6%	69,351.37	0.6%
<b>Subtotal Additional Project Charge</b>	<b>4,995,459.70</b>	<b>35.9%</b>	<b>2,641,793.51</b>	<b>25.2%</b>	<b>2,680,797.99</b>	<b>24.7%</b>
<b>Total Expenditures</b>	<b>13,933,402.36</b>	<b>100.0%</b>	<b>10,462,947.59</b>	<b>100.0%</b>	<b>10,851,802.59</b>	<b>100.0%</b>

**Appendix C- CIMO Overhead Billing - Based on 2007 Calendar Year History\***

Dept ID	Title	Total Costs	Average FTE	Avg. Cost Per FTE	Avg. Cost Per FTE/Billable Hrs. (1,600)	Billable Hour Multiplier	Total Billable Hour	Total Billing
<b>Direct Administration</b>								
872010	Right of Way	\$545,233	7	\$77,890	\$49	1.70	\$83	\$926,896
872030	Contract Admin.	\$850,486	11	\$77,317	\$48	1.70	\$82	\$1,445,826
872110	Buildings Proj. Mgmt	\$956,242	9	\$106,249	\$66	1.70	\$113	\$1,625,612
872130	Water & Sewer Proj. Mgmt	\$450,658	4	\$112,664	\$70	1.70	\$120	\$766,118
872150	Trans/ Proj. Mgmt	\$881,312	7	\$125,902	\$79	1.70	\$134	\$1,498,230
872300	Const. Mgmt	\$1,663,699	22	\$75,623	\$47	1.70	\$80	\$2,828,288
872100	Project Delivery	\$219,594	2	\$109,797	\$69	1.70	\$117	\$373,309
<b>Total/Averages</b>		<b>\$5,567,222</b>	<b>62</b>	<b>\$89,794</b>	<b>\$56</b>	<b>1.70</b>	<b>\$95</b>	<b>\$9,464,278</b>
<b>Indirect Administration</b>								
871000	Administration	\$2,260,634	12					
871010	Budget and Finance	\$209,199	3					
871500	Communications	\$158,666	3					
872020	Project Controls	\$1,007,946	11					
<b>Total/Averages</b>		<b>\$3,636,444</b>	<b>29</b>					
<b>TOTAL/AVERAGES</b>		<b>\$9,203,667</b>	<b>91</b>					<b>\$9,464,278</b>

\* Adjustments were made to accurately reflect the normal operations of the Capital Improvements Management Office. These adjustments include the identification of an annual charge for HRD costs, which was adjusted to a monthly rate and the removal of start-up consulting fees in April of 2007.

**Appendix D**

**SECOND COMMITTEE SUBSTITUTE FOR RESOLUTION NO. 070633**

Reaffirming the City Council's commitment to the proper allocation of direct and indirect project costs associated with the City's capital improvement construction processes; defining project management costs for the City; and requiring City Council approval of all project management costs in excess of \$271,000.00 per project.

WHEREAS, the City adopted a standard for the allocation of direct and indirect project management costs associated with the City's capital improvement projects via Committee Substitute for Resolution No. 061047 passed on October 12, 2006; and

WHEREAS, further oversight is now required by the City Council on these project management costs associated with construction of capital improvement projects; and

WHEREAS, an established process identifying all administrative and support costs associated with a capital project is currently used by the Department of Public Works for sidewalk replacement projects that are assessed to property owners, and

WHEREAS, this process can act as a model to provide the City Council and general public the information needed as to the complete project costs associated with design and construction and proper oversight of City capital improvement projects;  
**NOW, THEREFORE,**

**BE IT RESOLVED BY THE COUNCIL OF KANSAS CITY**

Section 1. That the policy outlining the allocation of direct and indirect costs associated with the delivery of capital improvement projects as approved by Committee Substitute for Resolution No. 061047 is hereby reaffirmed

Section 2. Project Management costs associated with the City's capital improvement projects are hereby defined as direct staff or consultant time charged against the project for managing the project, direct and/or indirect administrative support associated with proper management of the project, and construction management and inspection costs associated with the project.

Section 3. That the City Council hereby directs the City Manager to incorporate into all future capital design and construction contract ordinances the amount of estimated direct and indirect project management costs if the amount to be spent on project management costs exceeds \$271,000.00 for the entire project.