PHYSICAL PLANT
OPERATING POLICY AND PROCEDURE

PP/OP 08.11: Utilities Capital Projects & Expenditures

DATE: February 23, 2009

PURPOSE

The purpose of this Physical Plant Operating Policy and Procedure (PP/OP) is to establish procedures for the creation and budgeting of capital projects and capital expenditures submitted by Utilities.

REVIEW

This PP/OP will be reviewed in August of each even numbered year (ENY) by the Manager for Utilities with recommendations forwarded to the Director for Utilities.

POLICY AND PROCEDURE

1. General

   a. Capital Projects – Capital Projects are major improvements or repairs intended to be funded from the appropriate CHACP #1 or CHACP #2 established Capital Improvement Project Fund Organization Program (CIP FOP). Capital projects will be submitted as specified in this PP/OP.

   b. Responsibility Centers - The following Physical Plant directors, managers, and supervisors have responsibility for the development and administration of Utilities capital projects.

      (1) Operations and Maintenance Superintendents - Develop and submit annual major project work lists for review by the Director for Utilities.

      (2) Director for Utilities

         (a) Develop and submit annual capital project lists for review by the Managing Director – Physical Plant.

         (b) Provide approved project lists to the Manager for Physical Plant Budgets as part of the annual budget cycle.

         (c) Submit project requests to the Physical Plant Financial Services for budget processing.
(3) Physical Plant Financial Services

(a) Create and submit project budgets as appropriate.

(b) Provide project budget FOP numbers to requesting superintendent and project manager.

(c) Include projected annual capital project costs in the annual budget requests.

2. Execution

a. Repair and renovation planning is a continual process within Utilities. The process begins with work identification and project submission.

b. For budget revenue planning purposes, FOP 17A105-C20027-S10 will be required to recover $850,000 of annual CIP costs for eventual transfer into the CIP FOP 91B016-C20021-900 while FOP 17A106-C20028-S10 will recover $500,000 for eventual transfer into the CIP FOP 91B017-C20022-900.

c. Projects approved for execution will have project budgets established. The fund source for a project budget will be the appropriate CHACP #1 or #2 CIP FOP. The annual project funding constraints will be the amount of CIP.

3. Criteria for Establishing a Capital Project

a. Any work that will add to the capitalized cost of the building or plant. Such work includes roof replacements and major component replacement costing $30,000 or more.

b. Any purchase of equipment with a component value of $2,500 or more and which has an anticipated life of 3 years or more and which constitutes an equipment upgrade rather than a component repair or replacement.

c. The definitions established by paragraphs 3 a through 3 b, above do not include design work and/or any technology upgrades performed in lieu of a necessary repair unless such work exceeds the component or project limits stated above.
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Approved:____________________
Reviewer

Approved:____________________
Director for Utilities