OPERATIONS DIVISION

OPERATING POLICY AND SOP

ODP SOP 08.11: Utilities Capital Projects & Expenditures

DATE: November 2, 2016

PURPOSE
The purpose of this Operations Division SOP (OD SOP) is to establish procedures for the creation and budgeting of capital projects and capital expenditures submitted by Utilities.

REVIEW
This OD SOP will be reviewed in August of each even numbered year (ENY) by the Director for Utilities with recommendations forwarded to the Assistant Vice President for Operations.

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 OD/SOP.

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

      (1) Utilities Management Team - 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 Assistant Vice President for Operations.

         (b) Provide approved project lists to the Budget and Utilities Accounting Manager, as part of the annual budget cycle.

         (c) Submit project requests to the Budget and Utilities Accounting Manager for budget processing.

      (3) Operations Division: Business 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 (CHACP #1) will be required to recover $900,000 of annual CIP costs for eventual transfer into the CIP FOP 91B016-C20021-900 while FOP 17A106-C20028-S10 (CHACP #2) will recover $650,000 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 construction, systems upgrade or additions that will increase the life and value of the building or plant. Such work includes major component replacement costing $30,000 or more, or equipment which has an anticipated life of 3 years or more and which constitutes an equipment upgrade rather than a component repair or replacement.

b. The definition established by paragraph 3.a above does 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.

**RESPONSIBILITIES**
POSITION
Utilities Manager (ENY)

SECTION Utilities

MONTH August

Reviewed: _______________________

Dale K Bennett
Utilities Manager

Reviewed: _______________________

Dale Townsley
Director for Utilities

Reviewed: _______________________

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Assistant Vice President for Operations

OD/SOP 08.11