



Administrative Report

J.2., File # PWSS26-0124

Meeting Date: 1/26/2026

To: PUBLIC WORKS, SAFETY, AND SUSTAINABILITY COMMISSION

From: DEPARTMENT OF PUBLIC WORKS

TITLE

DISCUSSION OF CAPITAL IMPROVEMENT PROJECT'S PROCESS AND PROCEDURES

EXECUTIVE SUMMARY

Recent communication with the City Council has revealed significant misunderstanding about how capital improvement projects are selected, funded and prioritized, how services for these projects are procured and contracted for, and how execution of those contracts is administered by the City. Staff has prepared this informational item with a recommendation to receive and file, in order to strengthen the understanding of the processes and procedures surrounding this work for the Commission and the interested public.

The discussion will focus on the following topics:

- Project Identification Process
 - Requests
 - Review
 - Criteria
- Project Funding
 - Funding Priorities (imperative, essential, important, and desirable)
 - Types of Funding (discretionary, restrictive, or grants)
- Project Execution
 - Procurement
 - State Law and City Charter / Municipal Code
 - Professional services
 - Request for Proposals vs on-call contracts
 - Public Works Projects
 - Maintenance or Repair
 - Traditional CIP
- Project Management
 - Contract administration
 - Construction Schedule
 - Notice to Proceed
 - Progress Payments

- Construction Management and Inspection (in house vs outside consultant)
 - Change orders (APP 14.1)
- Project Close-out
 - Final Inspection
 - Commissioning, if applicable
 - Council Accept as complete
 - Project Recordation
 - Retention Release

CIP projects are generally organized into seven categories: programmed, pre-design, design, procurement, construction, completed and ongoing. These categories are sometimes sequential, sometimes overlapping, and do not all apply to some projects. Ongoing projects especially can be in multiple categories because the processes of the work are applied to various locations.

Definitions

- Programmed - Project added to the CIP budget and a certain level of funding is appropriated
- Pre-Design - Project begins activities prior to actual design, including planning, entitlements, environmental, public outreach, and conceptual design process
- Design - Project formalizes conceptual plans and the design development process continues in order to prepare final construction plans and specifications and to secure all needed permits
- Procurement - Projects are in the process of being let for competitive bids, evaluating those bids, awarding a contract or finalizing and executing a contract
- Construction - Project and contract have been executed and a notice to proceed with project construction has been given
- Completed - Project has been substantially completed and close out procedures are underway
- Ongoing - Projects that are part of the City's regular and reoccurring maintenance and readiness programs, such as, slurry seal, restroom improvements, curb ramp improvements, residential street rehabilitation, etc.

In general, the City's Public Works Department (Department) is tasked with managing the implementation of the CIP. The methodology the Department utilizes to prioritize implementation of projects on the CIP list is dependent on various factors, such as the date a project was programmed, funding availability, regulatory requirements, continuation of phased projects, Strategic Plan priorities, complexity of project, nature of work and available staff resources/expertise. As CIP projects are funded in the CIP budget, they are evaluated to determine the most direct and appropriate pathway to completion. Projects requiring design, right of way acquisition, environmental analysis and/or regulatory permitting are assigned to the Engineering Division. Other projects, such as the routine restoration, readiness and reoccurring maintenance-related projects are best handled by the Department's Maintenance & Operations Divisions. Other projects require input from other City Departments, and/or the appropriate Board or Commission, and are spearheaded initially by staff outside the Public Works Department.

While the Department uses this methodology to assign and initiate work on CIP projects, the process

is dynamic and subject to other extenuating circumstances. On certain occasions, funding opportunities present themselves with specific timelines that require a project to be pushed forward to take advantage of outside funding opportunities, especially if it is a Council priority. Furthermore, a new project might be added to an existing project to take advantage of favorable costs and to limit potential disruption to the public. The process in place creates a flexible framework that allows the Department to triage projects to move them forward proficiently while juggling the multiple priorities represented in the CIP. Staff have found that a stricter process does not generally accommodate the inherent variances in project funding and evolving public demands.