



Capital Planning Capital Expenditures Practice 13.2.0

RELEVANT POLICIES: 1.1.0 Strategic Planning, 9.1.0 Establishing Appropriate Capitalization Threshold for Capital Assets, 12.1.0 Multi-Year Capital Planning, and 13.1.0 Capital Project Budgeting

1.0 AUTHORITY

Decision-making responsibilities and duties on capital projects shall be allocated by the General Manager to specific members of the IVGID staff as provided herein. The staff member so assigned may delegate “duties” to another, but shall remain “responsible” for their actions pertaining to the project.

A Project Manager will usually be a representative of the IVGID department which will acquire or construct the project. The Project Manager may seek the input or assistance of a representative of the IVGID department that will utilize the capital asset. A planner, analyst, designer, or construction representative usually reports to the Project Manager as an employee or through a contract for services.

2.0 CAPITAL PROJECT FINANCING RESOURCES

Financial management of capital projects is controlled through a system including the Multi-Year Capital Improvement Plan and each fiscal year’s Capital Improvement Project Budget. The ability to pay for the costs of a project will be based on identifiable and predictable financing resources at the time of acquisition.

2.1 Establishment. A capital project’s financing resources may be established by action of the Board of Trustees by the adoption of a Capital Project Report. Financing resources may be established for each fund; for each program; or for each project or group of projects. The preference is on each project to facilitate calculating the affects of each project on the Multi-Year Capital Improvement Plan.

2.2 Status. All financing resources identified and received for a Capital Improvement Project shall be held in cash or



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investments and shall constitute an element of fund balance or net position until expended or released by an action of the Board of Trustees.

- 2.3 Interest.** Investment earnings on a project's financing resources shall accrue to the project to the extent they were included in the Capital Improvement Project Data Sheet or are deemed needed for possible project cost adjustments. In any project where part of the financing resources came from bond proceeds, the investment earnings must be attached to the project in order to determine and comply with IRS arbitrage regulations.
- 2.4 Expenditures.** Funds identified as financing resources may only be expended by action of the Board of Trustees according to the District's Capital Improvement Project Budget. Projects carrying over from one fiscal year to another are expected to be identified during each budget process to extend spending authority and facilitate completion of the construction or acquisition of the capital assets. The General Manager has the authority to redirect the design or specifications affecting up to an aggregate of \$50,000 if it does not exceed the total approved cost of the project.
- 2.5 Exclusivity.** All financing resources identified for a project, are considered exclusively for expenditures related to that project. No expenditures or obligations shall be made related to that project which cumulatively exceeds the available balance in identifiable and predictable financing resources.
- 2.6 Changes.** The amount of funds in identifiable and predictable financing resources may be increased or decreased by action of the Board of Trustees, provided that no decrease shall occur which causes the unexpended financing resources for any project to fall below the cumulative total of obligations outstanding pertaining to the project.



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- 2.7 Close-out.** Upon completion or termination of a project, the unexpended financing resources for that project may be closed out by the General Manager, except when a previous action by the Board of Trustees, designates where the unexpended amount, if any, shall be transferred.

3.0 PROJECT LIFE CYCLE

Projects shall be managed in relation to the following typical project life cycle:

- 3.1 Definition.** The process of developing a document which describes a specific project, in terms of location, function, cost, and other parameters. Approval of a Capital Project Data Sheet means the project has been "**defined.**"
- 3.2 Planning.** The process of developing documents which identify the location and function of projects, in relation to other projects and existing facilities. Approval of a project plan document within an approved Capital Project Summary means the project has been "**planned.**"
- 3.3 Feasibility.** The process of analyzing the practicality of a project, in terms of capital financing and cost, operating revenue and cost, environmental and permit conditions, and other factors. Acceptance information stated on the Capital Project Data Sheet as a feasibility report, means the project has been "**justified.**"
- 3.4 Scheduling.** The process of developing an outline identifying the cost, timing and financing of the capital project. All capital project expenditures shall be evaluated through a Multi-Year Capital Improvement Plan and authorized for expenditure through a specific fiscal year's Capital Improvement Plan Budget. Inclusion of a project within an approved Multi-Year Capital Improvement Plan means the project has been "**scheduled.**"



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- 3.5 Funding Identified.** The process by which funds are identified, as either planned or set aside to underwrite capital costs. Identification of predictable financing resources for inclusion of a project in a specific fiscal year's Capital Improvement Plan Budget means the project has been “**funded.**”
- 3.6 Design/Specification.** The process of determining the size, specifications, acquisition/construction methods, and other factors prerequisite to construction or acquisition, including the selection of the designers. Approval of final design means the project has been “**designed.**”
- 3.7 Construction/Acquisition.** The process entails constructing or acquiring a project’s assets, including the selection of contractors or vendors. Approval of final payment means the project has been “**completed.**”
- 3.8 Requirements.** All projects may not be subject to all phases, or be phased in the same order. However, all capital projects shall be defined. All capital projects shall be scheduled and have funding identified, prior to design/specification. All construction projects shall be planned. All construction projects shall be justified, prior to design/specification.

3.8.1.0 Definition

3.8.1.1 Trustees Responsibility: Relate District needs identified through the Strategic Plan to capital projects placed on the Multi-Year Capital Improvement Plan. **Duties:** Consider project definitions as part of Capital Improvement Project Budget submittal.

3.8.1.2 General Manager Responsibility: Ensure capital projects developed for consideration by the Board of Trustees relate to strategies and actions



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developed under the District's Strategic Planning Process. **Duties:** Approve capital project definitions.

3.8.1.3 Staff Duties: Prepare an accurate and up to date Capital Project Data Sheet, containing statement of project cost, schedule, location, financing, and other factors.

3.8.2.0 Planning

3.8.2.1 Trustees Responsibility: Ensure adequate planning basis for capital improvement projects. **Duties:** Define general goals, constraints, and directions. Award and execute planning contracts according to Nevada Revised Statutes. Establish public input process. Review and approve final plan.

3.8.2.2 General Manager. Responsibility: Ensure all issues are addressed and plans are coordinated with the Multi-Year Capital Improvement Plan. **Duties:** Review and approve planning scope. Approve requests for proposals on consulting contracts. Approve planning methods and planning team. Provide guidance to Project Manager during planning.

3.8.2.3 Project Manager. Responsibility: Administration, quality and accuracy. **Duties:** Define specific objectives, alternatives, criteria, and scope. Prepare requests for proposals and administer selection process for planning team. Prepare planning contracts. Recommend approval for and executing planning contracts. Coordinate project with, public, staff, and General Manager. Review and approve progress reports, make substantive and procedural decisions during planning process, and



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recommend preferred alternatives and final plans to the General Manager and Board of Trustees.

3.8.2.4 Engineering and Staff. Duties: Provide input to planning scope, methods, analysis, conclusions, and recommendations.

3.8.2.5 Planner Duties: Conduct analysis and produce planning documents and reports, for review by Project Manager.

3.8.3.0 Feasibility

3.8.3.1 Trustees. Responsibility: Ensure feasibility of capital improvement projects prior to design and construction. **Duties:** Determine when feasibility studies are required. Identify issues to be addressed. Award and execute consulting contracts according to Nevada Revised Statutes.. Review and accept the final "Capital Improvement Project Budget" as a basis for decision-making.

3.8.3.2 General Manager. Responsibility: Ensure critical issues are addressed and conservative approach to feasibility is applied. **Duties:** Review and approve study scope. Approve requests for proposals on consulting contracts. Approve study methods and team. Provide guidance to the Project Manager during study.

3.8.3.3 Project Manager. Responsibility: Administration, quality and accuracy. **Duties:** Define specific concerns, alternatives, criteria, and scope. Prepare requests for proposals and administer selection process for study team. Prepare study contracts. Recommend award and execute study contract. Coordinate project with, staff and General



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Manager. Review and approve progress reports, make substantive and procedural decisions during study process, and approve conclusions and recommendations.

3.8.3.4 Finance, Engineering, and Staff. Duties: Provide input to study contract, scope, methods, analysis, conclusions, and recommendations.

3.8.3.5 Analyst. Duties: Conduct analysis and produce study documents and reports for review by the Project Manager.

3.8.4.0 Scheduling

3.8.4.1 Trustees. Responsibility: Prioritization and prudent investment of capital assets. **Duties:** Review and approve Multi-Year Capital Improvement Plan considering financing programs, priorities and needs and validity to proceed as scheduled. Approve project amendments and substitutions according to District purchasing policies.

3.8.4.2 General Manager. Responsibility: Validate scheduling in terms of sound financial planning and the ability to construct or acquire the capital assets. **Duties:** Review, revise and recommend capital improvement projects to the Board of Trustees.

3.8.4.3 Engineering Staff. Responsibility: Accuracy of cost projections and coordination of project scheduling. **Duties:** Identify capital project scheduling issues correlated to timing of expenditures and acquisition of the capital assets. Coordinate input of operating staff receiving the capital asset.



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3.8.4.4 Finance Staff Responsibility: Adequacy of identifiable and predictable financing resources to meet the timing of expenditures. **Duties:** Analyze alternative financing schemes and prepare capital financing program coordinated with appropriate Capital Improvement Project Budget and the Multi-Year Capital Improvement Plan.

3.8.5.0 Funding

3.8.5.1 Trustees. Responsibility: Adequate identifiable and predictable financial resources exist for the project prior to the approval to proceed. **Duties:** Establish appropriate identifiable predictable financing resources are available. Increase and decrease funding level.

3.8.5.2 General Manager Responsibility: Approve recommendations for project to proceed and increases in project financing resources beyond levels identified in Capital Project Report, prior to submitted to Board. **Duties:** Review updated financial analysis for the capital project with Finance Staff for adequate financing resources and cash flows. Approve close-out upon project termination or completion.

3.8.5.3 Project Manager. Responsibility: Accuracy. **Duties:** Assemble and update project cost estimates.

3.8.5.4 Finance Staff. Responsibility: Administration of project finances. **Duties:** Produce periodic report on capital project financing resources, obligations and expenditures. Recommend periodic action to establish, increase, decrease, and close out



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financing resources. Consider the current affects of projects on the Capital Improvement Project Budget and the Multi-Year Capital Improvement Plan.

3.8.5.5 Engineering Staff. Duties: Coordinate estimates of project cost for periodic funding report.

3.8.6.0 Design/Specification

3.8.6.1 Trustees. Responsibility: General oversight of project design and specifications. **Duties:** Award and execute design contract according to Nevada Revised Statutes. Review and accept regulatory permit conditions on construction projects, if \$50,000 or more.

3.8.6.2 General Manager. Responsibilities: Ensure design and specifications correlate to defined capital project. **Duties:** Approve design methods and team. Provide guidance to Project Manager during design. Review and approve final design/specification reports on projects. Review and accept regulatory permit conditions.

3.8.6.3 Project Manager. Responsibility: Administration, detailed oversight and design functionality. **Duties:** Prepare scope of services and requests for proposals for design services. Administer selection process for design team. Prepare design contracts. Recommend for award and execute design contracts. Assemble cost estimates; prepare project budget and budget revisions. Prepare project schedule and schedule revisions. Approve project budget and budget revisions. Approve project schedule and schedule revisions. Establish, execute, and administer arrangements for surveys, analysis, environmental



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studies, and other forms of technical support. Supervise designers. Establish functional and performance requirements. Coordinate activities of designers with the balance of the technical team, and operating staff. Present major design alternatives and issues. Provide direction to on major design alternatives and issues. Review and approve ongoing design reports and documents. Sign all regulatory permits and permit applications. Review, approve, and correct ongoing design reports and documents, including all technical specifications. Prepare construction contract forms. Assemble and submit regulatory permit applications and coordinate regulatory process. Approve all requests for payment.

3.8.6.4 Designer Duties: Analysis of design alternatives. Preparation of plans and specifications. Preparation of support material for permit applications, and other contract documents. Coordination of various members of the design team. Preparation of cost estimates.

3.8.7.0 Construction/Acquisition

3.8.7.1 Trustees. Responsibility: General oversight of contract awards, major payments and acceptance of capital assets constructed or acquired. **Duties:** Award and execute construction/acquisition contract according to Nevada Revised Statutes. Approve change orders cumulatively exceeding 10% of construction contract or \$50,000, whichever is the greater.

3.8.7.2 General Manager. Responsibility: Ensure contracts and requests for payments submitted to the Board of Trustees for approval meet the



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requirements outlined in the Capital Improvement Project Budget. **Duties:** Approve change orders cumulatively not exceeding 10% of construction contract or \$50,000. Upon substantial completion, approve release of retention for Construction projects.

3.8.7.3 Project Manager Responsibility: Detailed oversight. **Duties:** Recommend award and execute construction/acquisition contracts. Recommend approval of change orders. Recommend release of retention to General Manager and Board of Trustees. Recommend approval of the final payment. Administer bid process. Recommend contract award. Coordinate final contract preparation, including insurance, bonding, and certificates. Establish, administer and execute arrangements for inspection and testing. Supervise construction representatives. Review all inspection, testing and construction observation reports. Serve as District's representative to contractor and regulatory agencies. Approve all shop drawings. Approve requests for equals. Approve all certificates for payment. Update construction schedule.

3.8.7.4 Construction Representative. Duties: Observe construction and testing. Prepare construction observation reports. Advise Project Manager of deficiencies when noted. Notify Project Manager of deviations from plans and specifications. Prepare and execute notice to proceed.