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CAPITAL BUDGET PROJECT PROCEDURES

Whereas, Under Chapter 634 of the Laws of 1972 an amended Charter for The City of New York was enacted; and

Whereas, Section 228 of the new Charter intended to define the procedures and approvals required to advance Capital Projects from inception to construction and completion; and

Whereas, Subdivision e of Section 228 empowers the Mayor to issue directives and adopt rules and regulations in regard to the advancement of Capital Projects consistent with the terms of the Charter.

Now, therefore, in order to clarify the approval procedures stated in the Charter and to provide for an orderly project approval procedure, this Order contains three sections for Capital Project Approval:

- A. Construction Projects requiring design
- B. Non-construction projects
- C. Capital Projects involving Departmental Labor

A. CAPITAL PROJECT APPROVAL PROCEDURE (CONSTRUCTION PROJECTS REQUIRING DESIGN)

Upon inclusion of a project in the adopted Capital Budget, preliminary scope approval must be granted within nine months of inclusion in the budget or the Board of Estimate must conduct a public hearing to determine the reasons for delay. Agencies must submit preliminary scope documents as detailed below to the Office of Management and Budget by February 1, 1978. For all projects which have not been submitted by that date, the Office of Management and Budget and relevant agencies shall prepare a report discussing the status of said project and the steps required to advance the project in a timely manner.

The following approval steps shall be followed to initiate a project from scope through final design and initiation of construction:

(1) A written *preliminary scope* (program of requirements) shall be prepared in accordance with applicable approved standards and submitted to the Office of Management and Budget for approval.

The Office of Management and Budget shall approve or disapprove the preliminary scope within 60 calendar days after receipt. If the preliminary scope is disapproved, the reasons for the disapproval shall be furnished in writing to the Commissioner by Office of Management and Budget. If the scope is found acceptable, the Office of Management and Budget shall issue a certificate of approval for *PRELIMINARY SCOPE APPROVAL*, which will include approval of:

- (a) Program of requirements
- (b) Estimated construction cost
- (c) All interfund agreement implementation\* requirements for the in-house design cycle, or consultant's contract and fee if design work is to be performed by an "outside" consultant.

Approval granted herein will be considered a directive for the agency to begin site approval (if required) and/or preliminary design.

(2) In the case of those projects requiring *ACQUISITION OF A SITE*, the site shall be selected in accordance with the provisions of Sections 227 and 197c of the Charter subsequent to preliminary scope approval, but prior to final scope approval by the Office of Management and Budget.

\* See Exhibit "A"

(3) Upon completion of preliminary design for final scope approval, the agency shall submit preliminary plans, specifications and estimates of cost to the Office of Management and Budget for review, and written approval within 30 days of receipt. If the documentation is deemed acceptable, the Office of Management and Budget shall issue a certificate of approval for *FINAL SCOPE APPROVAL*, which will include approval of:

- (a) Preliminary plans and specifications.
- (b) Construction cost limitations including contingencies.

Approval granted herein shall be considered a directive for the agency to begin final design.

(4) Upon completion of final design, the agency shall submit final plans, specifications and estimate of cost to the Office of Management and Budget for review and approval. Within 30 calendar days after receipt, the Office of Management and Budget shall either approve or disapprove of the final plans in writing. If the final plans are deemed acceptable, the Office of Management and Budget shall issue a certificate of *FINAL DESIGN APPROVAL* which will include approval of:

- (a) Final plans and specifications
- (b) Modified construction cost limitation if required
- (c) All interfund agreement implementation requirements for supervision of construction by agency or consultant contract and fee for supervision of construction if said work is to be performed by consultant.

Approval granted herein shall be considered authorization to advertise for bids and award contracts subject to provisions of Section 233 of the New York City Charter and in accordance with all other applicable executive orders, Certificate Standards (CS), and statutes provided that the amount of bids received plus 2 per cent does not exceed the issued cost limitation. Should the amount exceed the previously issued cost of limitation, a request for an increased cost limitation shall be submitted to the Office of Management and Budget for approval within 30 days.

For all approved projects, agencies must submit a monthly expenditure plan (warrant basis). The Office of Management and Budget will issue a certificate to the Comptroller reflecting this plan and authorizing the encumbrance of these funds.

B. CAPITAL PROJECT APPROVAL PROCEDURE (NON-CONSTRUCTION PROJECTS)

For those projects not requiring design or construction, the following procedures should be adhered to:

(1) After inclusion in the adopted Budget, the agency shall prepare a "scope" of work for submission to the Office of Management and Budget.

(2) The scope shall describe the nature of the work or items to be purchased—i.e., the reason for the expenditure—and the required amount.

(3) The Office of Management and Budget shall review the scope and within 60 calendar days either reject or approve thereof. If rejected, the Office of Management and Budget shall furnish the Commissioner with written explanation for said disapproval.

(4) If deemed acceptable, a certificate shall be issued approving of said scope and amount of expenditure.

C. CAPITAL CONSTRUCTION PROJECTS INVOLVING DEPARTMENTAL LABOR AND MATERIAL

(1) Prior to (or concurrent with) Capital Budget adoption, a certificate of approval from the Office of Management and Budget will be filed with the Comptroller and involved agencies incorporating a comprehensive Interfund Agreement for each agency which will delineate the maximum schedule of construction work to be carried out by said agency using "In-House" personnel. This schedule, while identifying the maximum universe of potential work including the materials therefor, will limit the total dollar value of said work to be earned by said agency to a pre-determined amount consistent with that budgeted for the agency for said fiscal year.

(2) Upon inclusion of subject projects in the adopted Capital Budget, the following approval steps shall be followed:

(a) A written definitive *Final Project Scope*, including drawings as necessary, shall be prepared in accordance with applicable approved standards and submitted to the Office of Management and Budget for approval.

The Office of Management and Budget shall, within 60 calendar days after receipt of the scope, either approve or disapprove thereof. If the scope is found acceptable, the Office of Management and Budget shall issue a certificate of approval for *FINAL SCOPE AND DESIGN APPROVAL* which will include approval of:

- (1) Scope and design
- (2) Construction Cost earnable by involved agency for said work.
- (3) Activation of said work items under the terms and conditions of the previously approved Interfund Agreement.

Approval granted hereunder will be considered a directive for the agency to begin work subject to provisions of Section 233 of the New York City Charter.

Attached is a schematic flow chart highlighting key milestones and areas of agency responsibility.

This Executive Order shall take effect immediately and remain in effect until revoked by a subsequent Executive Order.

o13-19

ABRAHAM D. BEAME, Mayor.

#### EXHIBIT "A"—INTERFUND AGREEMENT

A comprehensive Interfund Agreement will be developed for each agency. This document will delineate the maximum schedule of work and services to be provided by said agency. While identifying the maximum universe of potential design and construction work an agency is authorized to pursue during the fiscal year the schedule will **LIMIT THE TOTAL DOLLAR VALUE OF FEES TO BE EARNED BY SAID AGENCY IN THE DEFINED FISCAL YEAR** TO a predetermined amount consistent with the amount of funds budgeted for the agency for said fiscal year. Each preliminary scope approval, (as well as final design approvals), will activate a particular work element and concomitant fee portion of said previously approved comprehensive Interfund Agreement. It is anticipated that sufficient preliminary scope and/or final design approvals will be issued in a fiscal year to activate (implement) sufficient fees to fully meet the annual amount budgeted for the agency in the prior certificate of approval for the comprehensive Interfund Agreement.

Prior to (or concurrent with) Capital Budget adoption, a certificate of approval from the Office of Management and Budget will be filed with the Comptroller and the relevant agencies incorporating the agreement. The terms and conditions of the Interfund Agreement will require the Vendor Agency head to certify the completion of various performance milestones in the design cycle to authorize the release of partial fees against which the agency will request Interfund Agreement reimbursement for costs incurred.

**FLOW CHART  
CAPITAL BUDGET APPROVAL PROCEDURES**

**APPROVAL SEQUENCE  
TIME LINE**

**INCLUSION OF A PROJECT  
IN THE ADOPTED C.B.  
JULY 1**

**SCOPE APPROVAL TAKES PLACE  
30 CAL. DAYS AFTER APPROVAL  
BY MAYOR IF NO PETITION FOR  
REVIEW IS RECEIVED BY BO. OF  
ESTIMATE.**

**FINAL SCOPE APPROVAL**

**FINAL DESIGN APPROVED  
COST LIMITATION ISSUED.**

**JUNE 30**

**OMB**

**AGENCY**

**ACTION REQUIRED BY  
COMPTROLLER BOARD OF ESTIMATE**

**BOROUGH PRESIDENT  
& COMM. BOARDS**

