



Text File

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Committee: Committee on Finance and Law

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Ordinance amending and supplementing the Pittsburgh Code of Ordinances, Title Two: Fiscal; Article I: Administration; Chapter 218: Capital Budget and Capital Improvement Plan, by revising Sections 218.02: DEFINITIONS, 218.04 CAPITAL PROGRAM FACILITATION COMMITTEE PROCESS, 218.05 PROJECT AUTHORIZATION, and 218.08 PROJECT AND BUDGET REPORTING so as to add equity and project readiness to scoring, and expand the City's provisions for the closure of capital project accounts included as part of the City Controller's "Annual Accounting Close and Report" so as to recycle capital funds faster.

The Council of the City of Pittsburgh hereby enacts as follows:

Section 1.

§ 218.02 DEFINITIONS.

The following definitions shall apply to all parts of this Chapter:

- (1) **Capital budget.** The annual budget of the City of Pittsburgh, as required by Article 5, Section 502 of the Home Rule Charter, **composed** ~~comprised~~ of capital projects, special revenue projects, and intergovernmental projects.
- (2) **Capital expenditure.** City monies expended, or proposed to be expended, in the Capital Budget on a capital project, a special revenue project, or an intergovernmental project.
- (3) **Capital project.** Any project funded by public monies to design, build, restore, retain, or purchase any City-owned **or maintained** asset that is expected to provide a long-term public benefit or propose physical improvements in an element of the City's infrastructure. Capital projects shall have a minimum value of fifty thousand dollars (\$50,000.00) and a minimum useful life of five (5) years. Capital projects financed through debt should have a minimum useful life no shorter than the length of debt service. Capital projects that have a shorter minimum useful life should be funded with PAYGO funds.
 - a. **Minimum useful life.** The minimum duration for which a capital project is suitable for the function originally designated. Minimum useful life shall be determined from the City's prior history with similar capital projects or industry standards.
- (4) **Special revenue project.** A project funded by public monies granted to the City by an outside funding source, including grants and the Community Development Block Grant ("CDBG") Program. Special revenue projects must adhere to the rules and regulations regarding the use of funds promulgated by the funding source.
- (5) **Intergovernmental project.** A project that supports the mission of the City and an authority or another government entity through the allocation of City funding or special revenues. Intergovernmental projects must be consistent with this Chapter, the rules and regulations of the funding source, and the policies of the authority or other government entity with whom the project is undertaken.
- (6) **Capital Improvement Plan (CIP).** A six-year plan for investing in projects throughout the City of

Pittsburgh comprised of the immediately succeeding year's capital expenditures, the revised current year's capital expenditures, and the proposed capital expenditures for the following five (5) years.

(7) **Office of Management and Budget (OMB). The Mayor's Office of Management and Budget**

§ 218.04 CAPITAL PROGRAM FACILITATION COMMITTEE PROCESS.

Each year the Capital Program Facilitation Committee will submit recommendations for funding in accordance with the following process:

- (1) *Setting priorities.* Each April the Mayor shall provide an annual statement of CIP priorities to the Council and to departments funded by the CIP. The statement of priorities shall indicate **substantive thematic** outcomes that the city is seeking to achieve through projects funded through the CIP and operational goals.
- (2) *Regulations.* OMB shall approve and publish regulations (the "Regulations") that outline the requirements for capital, special revenue, and intergovernmental project proposals submitted by departments and authorities by the last week of April.
- (3) *Project proposals: City departments.* In the first week of May, OMB shall issue a formal request to ~~each~~ City departments, ~~and~~ City authorities, **and external partner organizations** for all capital project, special revenue project, and intergovernmental project proposals. The request **proposal** shall be made in a form consistent with a standardized format set by OMB. Each capital project, special revenue project, and intergovernmental project proposal shall meet the requirements set forth by the approved regulations and shall be submitted to OMB by **July 1** ~~the last week of June~~. Departments and the public may access the regulations filed with the City Clerk's office.
- (4) *Project proposals: City Council.* In the first week of May, Office of Management and Budget ("OMB") shall issue a formal request to City Council for all capital project, special revenue project, and intergovernmental project proposals. Council shall submit its capital project, special revenue project, or intergovernmental project proposals to the appropriate department, and that department shall submit the proposals along with its own project proposals to OMB by ~~the last week of June~~ **July 1**.
- (5) *Public meetings.* The Mayor and the CPFC shall hold at least two (2) public meetings to obtain the advice of public officials and citizens in preparation of the project proposals and annual budget. These meetings shall be held in different locations throughout the City **if held in person**, at times that are conducive to participation by **City residents with** low- and moderate-incomes ~~people~~ (at or after 6:00 p.m.), ~~during the month of~~ **no later** than June **30th**. The Mayor and Members of Council shall make every effort to attend the meetings. These meetings shall be considered distinct from those mandated as part of the CDBG program. Additionally, the CPFC shall solicit written public comments concerning capital needs and priorities for inclusion in the annual budget.
- (6) *CPFC report.* The CIP Manager shall provide a complete listing of the capital project, special revenue project, and intergovernmental project proposals for the CPFC members to review, analyze and score each project on the basis of the priorities set forth in the statement of CIP priorities and available funds. A full report that details the findings and rankings of the Committee shall be produced and provided to the Mayor by no later than the first week of ~~August~~ **September** each year.
 - a. *Rankings.* The CPFC members shall prioritize projects **that meet specific Federal or State statutory mandates. All other projects shall be prioritized** in the following order:

1. Projects that will resolve an imminent threat to public or employee safety or health should receive first priority.
2. Achieve compliance with Federal or State statutory mandates. **Projects with a clear plan for execution including site control, project timeline, and professional cost estimate**
3. Leverage **Projects that leverage additional non-city funds, demonstrated by an identified grant opportunity: open draft grant application, award letter, or executed agreement.**
4. Impact of the project on the operating budget and potential operational savings. Provide **Projects that generate Operating Budget savings or generate new revenue for the City.**
5. Improved **Projects that improve** efficiency or effectiveness of service delivery.
6. Ability to **Projects that** improve quality of life in all City neighborhoods **for City residents with low and moderate incomes.**
7. Demonstrated support of the public. **Projects with documented** Support of the public documented by letters of **support from residents, elected officials, or other key project stakeholders.**
8. Compliance with the Comprehensive Plan **adopted plans.**

§ 218.05 PROJECT AUTHORIZATION.

- (a) *Proposed CIP and capital budget.* Following the publication of the CPFC's report to the Mayor, the Office of Management and Budget will make a recommendation to the Mayor on the level of funding through all sources for the capital budget in the coming fiscal year and projected availability of funding for the next ~~six~~ **five (56)** fiscal years. On the basis of the projected availability of funding and the CPFC Report, the Mayor will propose a CIP and capital budget to City Council by the second Monday of the eleventh month each year and simultaneously post it online for public review.
- (b) *Collaborative budget process.* The Mayor shall present a preliminary operating and capital budget to City Council on or prior to September 30 of each calendar year. The proposed Capital Budget and Capital Improvement Plan shall continue to be presented on the second Monday of the eleventh month of each fiscal year, pursuant to Chapter 505 of the Home Rule Charter.
- (c) *Review by the CPFC.* CPFC shall also evaluate the six-year CIP in November to ensure that the plan is consistent with the City's capital needs.
- (d) *Approval of the capital budget.* In accordance with the authority granted under Article 5 of the Home Rule Charter, City Council shall consider, modify, and approve the Capital Improvement Plan and the annual Capital Budget each year.
- (e) **Capital expenditures used to support grant applications where a local match is required will be approved by City Council. Authorizing resolutions will include applicable code account information and clearly state the budget year from which the matching funds will be drawn.**

§ 218.08 PROJECT AND BUDGET REPORTING.

Each department head/bureau chief shall report on the status of departmental expenditures, total and anticipated spending for each funding source, and information detailing significant variances between planned and current project milestones to the CIP Manager no later than fifteen (15) days after the end of each quarter.

- (1) *Quarterly status report:* The CIP Manager shall produce a quarterly report in writing on the status of the CIP and Capital Budget which shall detail the following:

- a. ~~An overall report of the capital program;~~
- b. ~~The total amount of spending anticipated for each of the funding sources;~~
- c. ~~A detailed explanation of any variances between planned and actual expenditures;~~
- d. ~~The status of each project with descriptions of actual and projected expenditures compared to the budgeted expenditures;~~
- e. ~~Project milestones for each project and any variance between the planned schedule(s) and the actual schedule(s).~~

(1) Quarterly Reports: The administration shall provide to City Council quarterly reports updating the status of the capital budget. Quarterly reports shall include detail of all projects appropriated in the current budget year, current budget year year-to-date expenditures, and a selected narrative of current budget year project activity.

a. Quarterly reports shall be published by the Office of Management and Budget and received by Council no more than forty-five (45) days after the end of the fiscal quarter, and read and filed by Council no later than sixty (60) days after the end of the fiscal quarter.

(2) *Annual Accounting Close and Report:* At the close of the fiscal year, the City Controller shall produce an "Accounting Close and Report" of the Capital Budget activity in the ERP system. The report shall contain the following information:

a. A complete list **with detailed information on account code numbers, grant numbers, account balances and project descriptions of:**

I. ~~all unexpended capital expenditures from previous capital budgets of at least three (3) years old or older~~**All capital expenditures funds with three or more years of inactivity**

II. **All capital funds with balances less than \$1,000.00 and one or more years of inactivity**

~~of all unexpended capital expenditures from previous capital budgets of at least three (3) years old or older with detailed information on account code numbers, grant numbers, account balances and project descriptions.~~

b. Project accounts identified to be closed out **and reallocated to other deliverables** and for what reason the identification has been made.

c. A complete reconciliation of all unexpended capital expenditures against current bank balances. If reconciliation results in a positive balance, funds shall be transferred to the capital budget reserve fund for reallocation in the succeeding year's capital budget.

d. A listing of all unencumbered or unexpended funds at the end of the closed fiscal period for any approved capital project funds. The corresponding projects shall be included in the capital program in the succeeding year. No project shall be closed without prior approval of City Council.

(3) *Report distribution:* The Accounting Close and Report shall be delivered to City Council, the Mayor, and the Controller on or before the last Tuesday of the fifth month of each fiscal year. The CPFC shall communicate to each member of City Council any project accounts related to a project in the Councilmember's district that have been identified to be closed out on or before the last Tuesday of the fifth month of each fiscal year.

(4) *Close and re-appropriation:* ~~All capital projects from previous capital budgets of at least three (3) years old or older~~ **All capital funds with three or more years of inactivity and balances less than \$1,000.00 with one or more years of inactivity** not identified to be closed out **and reallocated to another deliverable** that have not commenced and have remained inactive must be re-appropriated

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by resolution. Re-appropriation will remain in place for an additional ~~three (3)~~(1) years.