




2022 CAPITAL IMPROVEMENTS BUDGET MILWAUKEE COUNTY

Capital Project Evaluation:

Quantitative and Qualitative Project Evaluation

A quantitative review of requested capital projects is provided by the CIC sub-committee. The sub-committee consists of staff from the Office of the Comptroller and the Department of Administrative Services-Office of Performance, Strategy, & Budget. This quantitative review is based upon a design first approach (discussed in the next section) and a scoring criteria matrix consisting of shared County priorities (see attachment #1 for criteria and impact details):

Capital Project Scoring Detail						
<u>CRITERIA</u>		<u>IMPACT</u>	<u>DEPT RANKING MULTIPLIER</u>		<u>COMPOSITE SCORE</u>	
Safety		0,5, <u>10</u>				
Policy/Plan		0, <u>3</u>				
Net Annual Impact on Operating		0,2, <u>5</u>				
Deferred Maintenance		0,3, <u>5</u>				
ADA/Bldg Code		0, <u>3</u>		1.156	Medium (top 26% - 50% of Dept REQs)	
Non-County Funding		0,1,2,3,4, <u>5</u>				
Continuing Program		0, <u>3</u>				
Racial Equity		0,2,3,4, <u>5</u>		1.056	Low (bottom 25% of Dept REQs)	
Building Mission		0,1,3, <u>5</u>				
		<u>MAX Impact Pts.</u>		<u>Max Multiplier</u>		<u>MAX Composite Pts.</u>

The sub-committee provides the annual (quantitative) scoring of requested projects to the CIC for review, discussion, and consideration. It's important to note that the scoring matrix provides a measurable, general guidance based upon shared County priorities.

Qualitative factors also play a role as part of the project review. Qualitative information is provided mainly by departmental testimony and follow-up information that departments supply during CIC meetings (August) and during the County Board's review of the County Executive's Recommended Budget (October). The scoring and department testimony allow CIC members, the County Executive, and the County Board to consider each component when evaluating requested projects. *As a result, the final adopted budget may include projects that (quantitatively) score low, but include qualitative characteristics that elected officials deem important and worthy of inclusion.*

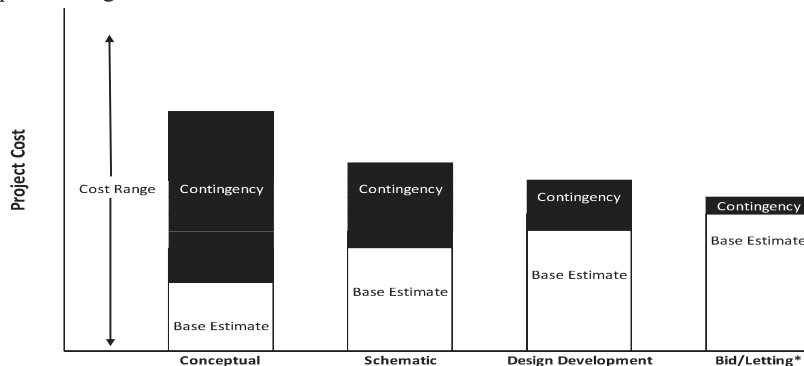
See attachment #2 for the most recent CIC Advisory Report section related to the scored capital project requests.

Design First Approach

The design first approach means, that for most projects, design appropriations will be made in one year with construction appropriations in a subsequent year (based on a completed design). Less complex projects (with minimal design effort and client input) that have a demonstrated history of staying within the original budget may still have design and construction in the same appropriation. An example of this is playground equipment replacements that generally have low risks due to the simplicity of the projects.

The majority of County capital projects are managed by the Department of Administrative Services (DAS)-Architecture & Engineering (AE). As a result, the focus is on AE managed projects at this time. In the future, this approach will be explored with DAS-Information Management Services Division managed technology projects. Department of Transportation-Transportation Services projects may also be included, but a large number of their managed roadway and bridge projects implement a design first approach currently.

Typically, many cost estimates produced during the annual budget development cycle are conceptual in nature, meaning they have higher risks due to limited project scope, little to no design, and/or assume unforeseen conditions. This risk is often times reflected in higher project contingency costs, especially for cost estimates that include design and construction in the same year. These risks can be mitigated by completing design before making a budget appropriation for the construction phase. Generally, the project contingencies are significantly reduced when you have a completed design. So cumulatively, this has a large impact on project funding by moving from higher to lower contingencies based on completed design.



*Based upon completed final design and construction documents.

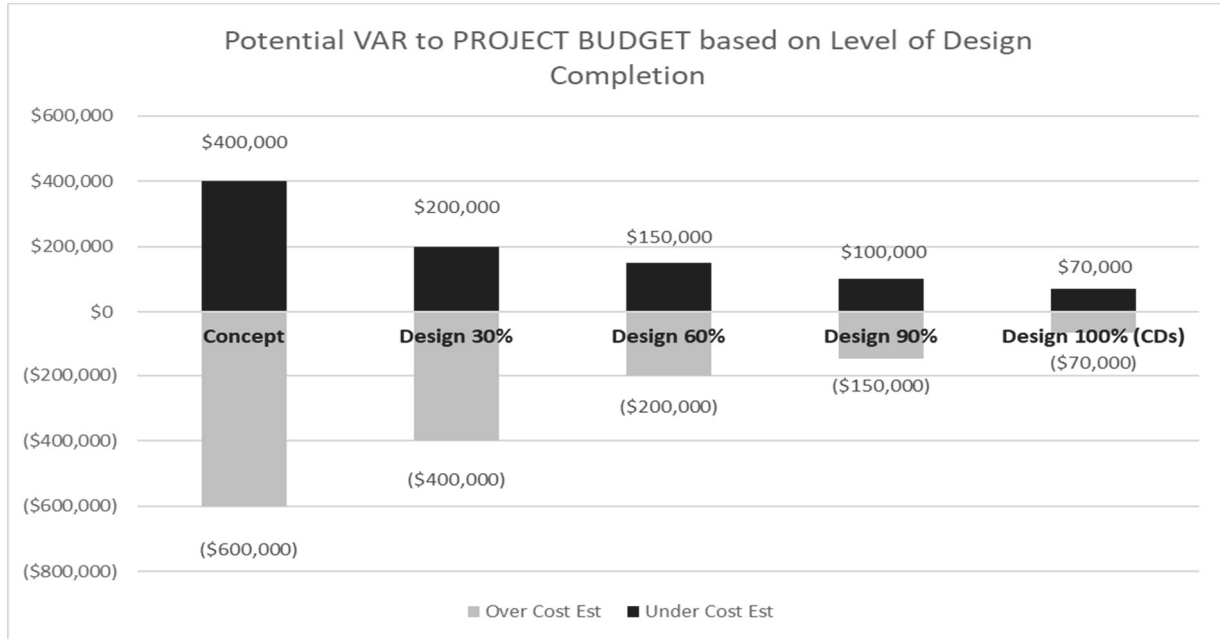
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Capital Project Evaluation:

Design First Approach (cont.)

The high level nature of conceptual estimates may also lead to under budgeting projects and require additional County funding that may or may not be available and cause possible project delays as a result of funding shortfalls. Additionally, if a project has surplus funding, those are dollars that could have been used to fund other projects in previous budget cycles, but are now locked up in the project until it is completed. Overall, the design first approach should help with project cost efficiencies and County resources.

The table below is meant to provide a general overview of how a project at a conceptual level of design will typically experience reduced cost risks as it becomes more refined through the design level stages.



**Table assumes a \$1.0 million project with medium project risk and complexity.*

Chart Development Sources: American Society of Professional Estimators (ASPE), Minnesota DOT project management, US Dept of Energy project management, Assoc for Advancement of Cost Engineering (AACE), Canadian Construction Association--Joint Federal Government / Industry Cost Predictability Taskforce.

The main goal of completing design prior to any construction appropriation is to increase overall project efficiency through the following:

- * Ensure agreed upon scope/design between client dept and (project) managing dept
- * Mitigate project risk and contingency
- * If design is not completed for a budget cycle, the construction phase will be moved out one year (or more) in the 5-Year Capital Improvement Plan