



Legislation Details (With Text)

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**Title:** Substitute resolution relating to implementation of various recommendations of the Comptroller's "Audit of Milwaukee Police Department 3rd District Capital Project".

**Sponsors:** ALD. MURPHY, ALD. D'AMATO

**Indexes:** AUDITS, POLICE DEPARTMENT

**Attachments:** 1. Audit.PDF, 2. Fiscal Note.PDF, 3. Audit Request Letter.PDF

Date	Ver.	Action By	Action	Result	Tally
11/7/2003		FINANCE & PERSONNEL COMMITTEE	REFERRED TO		
11/7/2003		FINANCE & PERSONNEL COMMITTEE	REFERRED TO		
11/10/2003	1	CITY CLERK	DRAFT SUBMITTED		
1/14/2004	2	FINANCE & PERSONNEL COMMITTEE	RECOMMENDED FOR ADOPTION	Pass	4:0
1/21/2004	2	COMMON COUNCIL	ADOPTED	Pass	14:0
4/30/2013	0	COMMON COUNCIL	ASSIGNED TO		
9/24/2013	1	COMMON COUNCIL	HEARING NOTICES SENT		
9/24/2013	1	COMMON COUNCIL	HEARING NOTICES SENT		
9/24/2013	1	COMMON COUNCIL	HEARING NOTICES SENT		
9/24/2013	2	COMMON COUNCIL	DRAFT SUBMITTED		
10/15/2013	2	COMMON COUNCIL	SIGNED		
11/5/2013	1	COMMON COUNCIL	HEARING NOTICES SENT		
12/17/2013		COMMON COUNCIL	REFERRED TO		

030991  
SUBSTITUTE 2

ALD. MURPHY and D'AMATO

Substitute resolution relating to implementation of various recommendations of the Comptroller's "Audit of Milwaukee Police Department 3<sup>rd</sup> District Capital Project".

This resolution authorizes and directs the Department of Administration, Department of Public Works and other City departments involved in major capital projects to implement various recommendations of the Comptroller's "Audit of Milwaukee Police Department 3<sup>rd</sup> District Capital Project".

Whereas, In October, 2003, the Comptroller submitted to the Common Council an "Audit of Milwaukee Police Department 3<sup>rd</sup> District Capital Project"; and

Whereas, This audit found significant weaknesses in all areas of the City's capital project management - planning, budgeting, administration and oversight, and reporting - that will result in this project taking over nine years to complete and having a price tag more than triple the initial cost estimate; and

Whereas, The Common Council finds that these weaknesses need to be addressed before future large-scale capital projects are undertaken; and

Whereas, The audit contains recommendations for fundamental changes to City policies and procedures relating to capital project management; and

Whereas, The Common Council finds that, by implementing these recommendations, the City can minimize project delays and cost overruns, thereby strengthening taxpayer confidence in the City's ability to complete major projects on time and within budget; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the Department of Administration is authorized and directed to develop and implement the following standards and guidelines for use by City departments in the preparation of capital project plan documents:

1. A statement defining the project scope and work-product deliverables and describing what is and is not included in the project. The project plan shall not be considered finalized until the scope and deliverables are clearly defined and finalized.
2. A statement explaining the need for the project, with a description of anticipated benefits.
3. An adequately detailed and supported cost estimate for the entire project, including a description of how the cost estimate was developed. Large, complex projects shall be divided into two or more smaller projects that begin with separate planning phases.
4. A statement of funding sources for the entire project.
5. A well-supported estimate of the project duration, measured in weeks or months.
6. A work plan describing the sequence and schedule of major required work tasks and highlighting interim or "milestone" work-product deliverables. Responsibility for each work task shall be assigned in the plan.
7. Identification of the City departments and other parties that will participate in the project, along with the responsibilities of each.
8. A description of any deviation from established City construction or contract standards.
9. A statement of major assumptions used to prepare the project plan.
10. A statement of potential major obstacles to the timely and "on-budget" completion of the project.

; and, be it

Further Resolved, That the Department of Administration is authorized and directed to develop and implement the following standards for use by City departments for effective capital project financial-status and completion-status reporting:

1. Formal periodic reports in intervals appropriate for City staff to effectively control and manage capital projects.
2. "Critical path" scheduling techniques to continually identify those tasks that, if delayed, will affect the completion date of the project.
3. An executive summary project status report, produced on at least a monthly basis and containing the following: 1) current financial and physical completion status; 2) progress over the last reporting period, including problems encountered and how those problems were or will be resolved; 3) planned activities and accomplishments for the upcoming reporting period.
4. "Roll-up" reporting where project-status information is available at various levels of detail, from component-specific information to a summary of all project components for top management personnel, the Mayor and the Common Council.
5. Frequent comparisons of project budget apportioned "to date" versus actual expenditures "to date," as well as total project budget versus estimated cost at completion.
6. Frequent periodic on-site progress examination by City management staff to verify reported physical completion status and quality of work.
7. Regular estimates of the percentage of the project physically completed versus the percentage of the budget expended.
8. A direct tie to the project cost accounting and progress billing system to assure that project billings are easily reconcilable to actual reported project expenditures, change orders and actual physical progress of the project.
9. Direct reconciliation of project expenditures with capital budget line items to allow for accurate comparison of actual expenditures to approved capital budget.
10. Use of industry-standard charts of accounts for construction projects to avoid the use of vague, confusing line items, which can lead to disputed costs.
11. Regular reconciliation of project expenditures to costs reported on the City's FMIS accounting system.

; and, be it

Further Resolved, That the Department of Public Works and all other City departments involved in capital project management are directed to adhere to these standards and guidelines for capital-project planning, financial-status reporting and completion-status reporting; and, be it

Further Resolved, That the Department of Administration shall, at least annually, apprise the Common Council of the status of these improvements to the capital project planning, budgeting and reporting processes; and, be it

Further Resolved, That, for future major City capital projects, the departments involved are directed to consider using a written "memorandum of understanding" with provisions covering process and procedures, deliverables, project schedule and the assignment of responsibilities for major project activities, including responsibilities for change-order approval and processing, and with such document being submitted to the Common Council for its review and approval; and, be it

Further Resolved, That the Department of Public Works is authorized and directed

to take the following measures to improve capital project management and oversight:

1. Contracts should be strictly enforced. Decisions to waive or delegate contract requirements and responsibilities should be justified and documented in contract amendments and other appropriate project documents.
2. Contractors should be required to meet the progress-reporting standards developed by the Department of Administration, as described above.
3. Contractor oversight should be aggressive, yet professional. Problems should be identified and addressed early in the project. Contractor delays and advance-payment requests should be challenged whenever appropriate.
4. Construction contracts should not be let whenever there is uncertainty concerning the affected project site (e.g., the site may not be fully available for acquisition or development).
5. Change-order processing procedures should be documented and included in contracts.
6. Change-order requests should indicate the impact on the project work schedule and completion date.
7. Change orders should be handled in strict accordance with the documented procedures. Work to be performed pursuant to a change order should not be undertaken without prior City approval.
8. For each major capital project, the Department of Public Works and other involved departments should carry out a thorough "user acceptance" process to ensure that all project systems and features function properly before the project is considered "completed".
9. The Department of Public Works should implement procedures to monitor, evaluate and improve the reliability of its cost estimates, including analysis of estimated costs versus actual costs.
10. The Department of Public Works should implement a construction-management training program for its employees which includes training in the skills needed to manage large projects (contractor oversight, contract administration and cost estimation).

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