
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: October 29, 2004

SUBJECT: **Proposed Administrative Procedure
for Handling CIP Cost Overruns**

AFFECTED COUNCIL DISTRICTS: Citywide

STAFF REPORT BY: Gary Mumford

**ADMINISTRATIVE DEPT.
AND CONTACT PERSON:** Department of Community Development
David Dobbins

NOTICE REQUIREMENTS: Not required

The Administration plans to include most CIP cost overruns in regularly scheduled budget amendments for the Council's consideration. If due to timing constraints, the cost overrun cannot be reasonably considered as part of a regularly scheduled budget opening, the Administration will request a special budget amendment to handle an urgent situation. In some cases, the Administration may request an accelerated process such as setting the date for the public hearing on the same day or prior to the briefing.

There may be times when unforeseen circumstances may come to light after project construction begins that may require expedited funding of a cost overrun. Last month, the Administration proposed criteria under which administrative transfers of funds could occur without additional Council action. The criteria that the Administration originally proposed were:

1. The project is under construction and all other funding options have been considered.
2. The cost overrun is 20% or below the adopted project budget.
3. The funds are not used to pay additional City Engineering fees.

On October 7, 2004, the Council received a briefing on the proposed criteria for handling CIP overruns. At the briefing, Council Member Christensen proposed a sliding scale rather than a constant 20%. The proposed resolution has been revised to replace item #2 above with the following three-tiered approach:

Cost overrun funding will be approved based on the following formula:

- 20% or below of the budget adopted by the City Council for project budgets of \$100,000 or less;
- 15% or below of the budget adopted by the City Council for project budgets between \$100,001 and \$250,000;
- 10% or below of the budget adopted by the City Council for project budgets over \$250,000 with a maximum overrun cost of \$100,000.