



## Latest Reforms in Mayor Faulconer's "Repair the Repair Program"

The first [Semi-Annual CIP Budget Monitoring Report](#) shows that approximately \$75 million is now available for more than 60 shovel-ready and other priority projects thanks to new efficiencies implemented by the Faulconer administration. Under the Mayor's program, City staff will now request that City Council approve transferring excess cash from the following sources:

✓ **\$55.5 million from under-budget projects.**

**Previous process:** Individual departments would identify capital projects that were under budget and then process project budget amendments one-by-one to the City Council for individual votes, requiring review and implementation by the various departments on an on-going basis throughout the year.

**Mayor's reform:** On an on-going basis City staff will monitor projects so that multiple budget amendments are combined into a single action for City Council approval, saving time and resources. This will significantly reduce labor costs and save hundreds of staff hours each year. It is currently a pilot program for street, sidewalk, streetlight and stormwater projects.

✓ **\$5.3 million from excess funds from completed projects:**

**Previous process:** Excess funds for technically completed projects would remain in the project during a warranty period, typically a year or more, in order to ensure funds were available to cover unanticipated project needs. This held funds idle and delayed funds from being reallocated to other priority projects.

**Mayor's reform:** The Chief Financial Officer will now transfer unneeded and unspent balances to underfunded projects pre-approved by the City Council. This ensures more timely completion of projects, releases excess funds not needed during the warranty period, and reallocates funds to pending projects that are ready to move forward.

✓ **\$12 million from projects that do not currently need large sums of cash:**

**Previous process:** Projects had to have cash-on-hand during the entire span of the project, even during the design and permitting stages when not much cash is spent because construction has not begun.

**Mayor's reform:** Instead of having cash idle in a project account that may not require it until future fiscal years, funds will now be reallocated to projects that are ready to spend the funds now. For example, a project that is waiting for permits does not need as much cash as a project that is ready for construction. This new process better matches a capital project's budget to current year cash flow. Large contracts funded by stable and predictable revenues sources, such as TransNet, will qualify. This is currently being piloted on a State Route 163/Friars Road project, where \$12 million of the contract award amount is not needed until future fiscal years. Implementing this reform has allowed for the full \$32 million contract to be executed, while freeing up \$12 million to be reallocated to other active projects.

✓ **\$1.9 million from savings from unspent contingency funds:**

**Previous process:** All projects were required to have 5-10% in contingency funds within the budget to account for possible cost overruns.

**Mayor's reform:** Reduce the contingency requirement to 3% and pool contingency funds across multiple projects, allowing the risk of cost overruns to be spread across a greater number of projects. Savings in projects can be returned to the pooled contingency and then reallocated to cover cost overruns in other projects. This is currently a pilot project for water and sewer main projects.