

EXECUTIVE SUMMARY (Kansas City Public/Private Partnership)

Overview: In early 2004, Kansas City, Missouri launched one of the United States' most innovative public/private partnerships to re-engineer the City's inefficient, outdated project delivery processes and re-invigorate its backlogged capital improvement project portfolio. The Capital Improvements Management Office (CIMO) project was conceived and implemented by the Mayor, City Council and City Manager, in partnership with MWH Americas and Burns & McDonnell, two nationally recognized engineering program management firms. CIMO is a pioneering effort, designed to fast-track delivery of capital improvement projects by establishing within City government a dynamic new centralized, focused structure for procuring professional and construction services.

Today, CIMO team directs the delivery of approximately \$1.2 billion in projects, including major redevelopments such as Kansas City's downtown entertainment district (The Power & Light District), the Bartle Hall (Convention Center) Expansion and the Sprint Center Arena, as well as contracting \$190 million in neighborhood and public service projects. The economic development generated by this efficient, powerful engine is estimated to be triple for every dollar spent on construction. CIMO's priority capital project portfolio has expanded from 150 to more than 340 projects, aided by the dynamic new fast-track capital project delivery structure, which has helped rapidly resolve the backlog and streamline projects toward completion.

No other U.S. city has embarked on a public/private partnership of this nature and scope. For Kansas City, CIMO is changing the face of municipal government, building community confidence in City government effectiveness and boosting the City's economic viability. For other local and state governments, CIMO suggests a successful prototype for unleashing the potential within bottlenecked capital improvement projects.

The Problem: The City's portfolio of 150 backlogged capital improvement projects exceeded \$240 million in value. This backlog resulted from compartmentalized, inefficient, outdated municipal government processes that made it impossible to deliver projects in the timely manner required to revitalize the City's fast-aging and historically significant infrastructure while spurring economic development. The Public Works Department was able to deliver an average of only \$40 million in projects each year. The ever-burgeoning backlog swelled project budgets with rising inflation costs. Lengthy timeframes for bid to Notice-to-Proceed (NTP) and payment often discouraged contractors from bidding or from according the City "Preferred Client" status.

The Approach: To eliminate its capital project backlog and implement corrective strategies using industry best practices, the City formed a public/private management team comprised of employees from MWH Americas and Burns & McDonnell and City employees. The team was co-located within City Hall. To manage the CIMO team, the City took the novel approach of positioning staff from the two firms in key leadership positions (including the role of CIMO Director), giving them authority and responsibility traditionally assigned to City staff – thus empowering them to make decisions in the City's best interests. CIMO also transitioned the City's project delivery processes from a highly compartmentalized, scattered approach to a centralized, focused approach in order to ensure accountability and speedy resolution of project issues. To aid the City in this culture change and to track its

progress, CIMO instituted powerful new project delivery controls tools using Key Performance Indicators – the accepted private industry standard – along with other tools for streamlining project delivery and ensuring transparent public access.

The Mission: The objectives for CIMO were to fast-track project delivery by employing industry best practices, reduce the City's capital improvement project backlog, spur economic development and prepare City staff for assuming CIMO leadership positions within three years and provide for ever-more-efficient project delivery into the future.

The Results: After just 21 months, CIMO has cut project delivery time in half – down from an average of three years to less than 18 months. It has delivered more than \$210 million in infrastructure projects. It has reduced by at least 10 percent the City's costs to manage and deliver a project – down from about 18 percent of total project value to about 8 percent. Timeframes for bid-to-NTP and for paying contractors have been pared by 30 percent, garnering the City "Preferred Client" status.

The new Power & Light District, for which CIMO is managing utility and demolition activities, alone is expected to generate more than 3,000 new jobs. Moreover, it is expected to provide an average new sales benefit of \$170 million per year to the State of Missouri. Along with other CIMO project developments, this effort is projected to create a tax base for local and state governments resulting in revenue streams not seen since the 1930s.

CIMO's efforts also are helping provide better public services for all Kansas City citizens, thus enhancing safety and quality of life. CIMO has fast-tracked projects such as sanitary sewer connections, stormwater/flood control, street and bridge improvements, and traffic signals and street lighting projects. Most of the traffic signal projects are funded by the State and Federal governments, and include the removal and replacement of traffic signals at some of Kansas City's busiest intersections. New, energy-efficient light-emitting diode (LED) streetlights meet current Federal safety and illumination standards at reduced maintenance and energy costs. Moreover, Kansas City's capital improvements sales taxes are funding the renovation and construction of 14 fire and police facilities. Under CIMO's management, the construction of a Regional Police Training Academy, a new patrol station, four new fire stations, and four fire station renovations all began in 2004 and 2005, with planned completion by 2006. These projects total \$75.2 million, with construction on many of the facilities finishing in just 12 months, a significant improvement in project delivery time from previous efforts.

Finally, fast-tracking capital projects and embedding a culture for completing them on schedule is attracting private development within Kansas City – creating even more job opportunities for the local workforce while providing greater residential, business and retail options for residents and tourists, and a stronger tax base for the City.