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MEMORANDUM

To: Elected Officials, Bureau Chiefs and Department Heads

From: Annette C.M. Guzman, *Budget Director* Annette Guzman
Earl Manning, *Director of Capital Planning and Policy* Earl Manning

Digitally signed by Annette Guzman
Date: 2021.03.11 21:03:37 -0600

Digitally signed by Earl Manning
Date: 2021.03.12 09:08:50 -0600

Subject: FY2022 Capital Equipment and Capital Improvement Requests

Date: March 12, 2021

CC: Lanetta Haynes-Turner, *Chief of Staff*
Ammar Rizki, *Chief Financial Officer*
John Yonan, *Interim Bureau Chief, Bureau of Asset Management*
Tom Lynch, *Chief Information Officer*
Tanya Anthony, *Chief Administrative Officer*

The Department of Budget & Management Services (DBMS) in collaboration with the Department of Capital Planning and Policy (DCPP) provides this memo to inform departments of the Capital Equipment (CEP), Capital Improvement (CIP) and Space Allocation Committee (SAC) request processes for FY2022.

This year, departments will continue to enter their FY2022 CEP and CIP requests in Hyperion and the Business Case online application. **For projects that have a combination of CEP, CIP and/or SAC requests, the Business Case form will update to capture all required information.** The online application opens March 15, 2021. We will hold an all-user Kickoff Meeting on April 1, 2021, and a working session in mid-April to help address questions in completing FY2022 applications. **All CEP and CIP requests must be submitted by no later than April 30, 2021.** See below for guidance on how to develop business cases for your FY2022 CEP/CIP/SAC projects, as well as additional information regarding this year's budget timeline and requests for current year projects.

I. FY2022 CAPITAL REQUESTS

A. Capital Equipment Requests

Capital Equipment (CEP) is defined as an asset, usually not attached to a building or grounds, with a project cost of \$5,000 or more, that has a useful life of at least five (5) years, is depreciable for at least 1 ½ years, and is purchased and owned by the County. Thus, the **CEP form** should be selected for requests that only pertain to:

- IT & Telecom
- Medical Equipment
- Furniture
- Fixed Plant
- Institutional Equipment

Ongoing CEP Projects

Departments with CEP projects from prior years that will be ongoing in FY2022 will be able to review actual year-to-date expenditures for such projects and add additional funding requests to those projects in the Hyperion budgeting system. When reviewing your ongoing projects in Hyperion, departments should have a clear and concise idea of their expenditures for the project for FY2022. **You will need to submit a cash flow budget through Hyperion for the months of April 2021 – November 2022.** On the cash flow projection template you will need to indicate if you are requesting to carry-over unencumbered FY2021 funds into FY2022, plan to expend all FY2021 funds (thus requiring new funds in FY2022), or will need to both carry over unencumbered funds and require new funds in FY2022. The cash flow projection template is linked on the business case website.

As a reminder, departments will no longer be able to automatically roll over FY2021 unencumbered funding to FY2022 or re-prioritize it to another project. Any unspent funding for closed or cancelled projects will no longer be available to the department. Thus, if an ongoing project will roll over into FY2022 and is projected to have unencumbered funding by the end of FY2021, the department **must** indicate this in Hyperion for their ongoing CEP project. Please select “ongoing” as the priority type for the project and request to have the unencumbered funding re-appropriated to the project in FY2022. Ongoing CEP projects only need to be reviewed and updated, as needed, in Hyperion. We do not require that a Business Case be uploaded on the online application.

Ongoing projects will be reviewed at the end of FY2021 to determine the amount of remaining funds available on the project. If a department expends more than projected in FY2021, DBMS may reduce the amount available for re-appropriation in FY2022.

New CEP Requests

To submit a new CEP request, departments must:

1. Complete Steps 0-5 of the Business Case online application; **and**
2. Submit new CEP budgets into Hyperion using the same process from prior years.

Prior to submitting a new CEP project request, departments are broadly responsible for:

- reviewing the Allowable IT Capital Expenditures list (available on the STEP portal);
- selecting the correct funding source(s) for each requested item;
- considering procurement, delivery, and invoicing timelines for each requested project;

- making sure the useful life of each requested project is at least five (5) years, with a value of \$5,000 or more;
- if needed, reaching out to their respective Budget Analyst for assistance with gathering required financial information and developing the budget requested in “Step 2” of the online application; and
- writing a detailed justification, including the pros and cons, for the project.

We encourage departments to provide as much detail about their project(s) as possible to give the reviewing committee enough information to understand (a) how the project fits into the overall operational and strategic goals for your department and (b) what, if any, benefits the project will bring to the County (and to the extent applicable, other departments). When completing the Business Case online application and Hyperion, ***note that you do not have to enter all information in one session.*** You can save the form at any time and submit it on or before April 30th.

Funding Sources Selection:

Part of the review process for each CEP project includes understanding the funding structure for the equipment purchase. The user department will be required to select the funding source(s) for each CEP project request. Each CEP project can be funded by multiple funding sources, such as:

- Operating Fund: used to fund CEP within the Corporate, Public Safety or Health fund. Projects funded out of the Operating Fund are automatically linked to the operating budget of the user department.
- Special Purpose Fund: used to fund CEP within the special purpose fund. Projects funded through a special purpose fund require identification of the SPF number with the CEP submission and are automatically linked to the user department’s special purpose fund budget.
- Grant Fund: restricted funds awarded to the user department for specific purposes through a grant. To the extent that CEP project is to be funded through a grant award received after the capital budget is appropriated, the user department must also request that capital appropriation be established for the capital purchase before the purchase can be made.
- Debt Proceeds: funds obtained by the issuance of bonds, which are administered by the CFO’s Office.

Budget Development:

When preparing your requests and justifications, please bear in mind that the cost of the requested equipment is often only a portion of the overall cost. Please factor in any additional costs the project will have on your department’s operating budget, including whether:

- there is any ongoing cost of the equipment beyond year one;
- any training is required for your staff with the implementation of the new equipment;
- you will need additional technical IT support and maintenance beyond the first year of implementation;
- there are any hosting fees or extended warranties associated with the project;
- the project has any lease obligations;
- there are any subscriptions costs associated with the project; or
- there are any other costs that cannot be covered through debt dollars (i.e. non-capitalized costs).

For each project request, the cost of the requested equipment, together with any of the above supplemental costs, make up the project budget. When submitting your CEP request, you will need to provide an itemized

budget in “Step 2” of the Business Case online application reflecting the cost of each component of the project. In addition, you will need to provide an estimated total project budget for each year of the project. The *Capital Expenditure Guidelines, Reference Guide for Capital Equipment Projects* and *Allowable IT Capital Expenditures* manuals available on the STEP portal provide guidelines to help you develop the operating budgets for each CEP Project. However, please do reach out to your respective Budget Analyst should you need any assistance in developing the operating budget.

Vehicle Requests:

For the FY2022 vehicle request process, departments will only need to submit the updated Vehicle Request form and enter the request information into Hyperion. No business case will need to be submitted through the Business Case site. On the Vehicle Request form, you will need to provide a justification explaining the need for the requested new/replacement vehicle(s).

Asset Inventory Submissions:

DBMS requires that **ALL** departments (whether you are making a new CEP request or not) complete the following inventories to help the County plan for funding requirements more effectively for fiscal years 2022 - 2026:

- Software and Technology Hardware Asset Inventory (submitted through BOT’s SharePoint site)
- Non-IT, Non-Vehicle Inventory (submitted through Hyperion)

For purposes of completing the Software and Technology Hardware Asset Inventory:

- **Software Assets** consist of all types of software, including custom, commercial off-the-shelf, and remotely hosted software, as well as software license agreements and consumption information related to the number of software instances installed or in use.
- **Technology Hardware Assets** consist of all types of computer hardware or systems, to include servers, switches, desktop personal computers, laptops, and other similar computer technology, peripherals, or equipment.

For additional guidance, please see the *IT Asset Inventory Submission Instructions* available on the STEP portal.

Templates for each inventory and form are available on the STEP portal and in Hyperion. Upload the inventories and forms to Hyperion using the following naming convention:

“[Office #] [Deliverable Type] [(Project Name)]”

For example, a vehicle request for the Bureau of Technology (BOT) would be “1009 Vehicle Request Form (name of the project)”. Acceptable format for the submission is Excel. Scanned documents will not be taken into consideration.

B. Capital Improvement Requests

Capital Improvement Projects (CIP) include all remodeling or construction projects. Thus, the **CIP form** should be selected for requests that only pertain to:

- New Construction
- Construction Additions
- Space Renovations
- Re-purposing existing space
- Replacing outdated systems

To submit a CIP request, departments will be asked to complete Steps 0-3 and Steps 6-7 on the online application.

For the FY2022 budget process, the Bureau of Asset Management (BAM) revised the calendar and process for the development of CIP requests. In support of this process improvement, the meeting schedule associated with the CIP has been expanded as follows:

- High-level CIP Orientation Meetings are being held in February and March of 2021
- Detailed CIP Project Meetings are being held in March and April of 2021
- Kickoff Informational Session – Virtually on Thursday, April 1st at 10:00 am via Teams

The Business Case online application will be open from Monday, March 15th until COB Friday April 30th. After April 30, 2021, CIP requests that are not completed and submitted in the online application will not be considered in the FY2022 CIP plan. The SAC module of the application will remain open year-round (as noted below).

Please thoroughly answer each question in the business case form, to the best of your ability, and provide specific details and justification to support the review process. ***Note that you do not have to enter all information in one session.*** You can save the form at any time and submit it on or before April 30th.

All CIP correspondence, questions and submissions should be handled by the designated Department CIP Representative, identified by your agency during the High Level and Detailed CIP meetings. It is highly encouraged that the CIP Representative attends all meetings noted above.

C. Space Allocation Requests

The **SAC form** should be selected for requests that only pertain to:

- Space Requests
- Furniture Requests
- Both Space and Furniture Requests

To submit a SAC request, departments will be asked to complete Steps 0-1 and Step 8 on the online application. All SAC requests also require a CEP or CIP (as applicable) submission.

The SAC acts as the oversight and review mechanism for all space change requests whether it be for departmental growth or construction. The Department of Real Estate is responsible for reviewing and vetting requests on behalf of the SAC based on existing space use and other applicable factors, including, but not

limited to, budgeted FTE counts, funding, safety and security, and workflow issues. Representatives from the specific building and subject matter experts are also involved in vetting the ability to accomplish the change in the building. ***Note that all changes in the occupancy or use of County owned or leased space is required by ordinance to be reviewed and approved by the Space Allocation Committee.***

Space Requests must meet at least one of the following criteria:

- Correct code violation
- Correct a safety or security hazard
- Address over-crowding
- Reduce space use or addresses underutilization of space
- Enhance productivity or efficiency
- Relocate inactive records offsite

Furniture Requests:

SAC reviews all furniture orders over \$5,000 to verify that the orders comply with the County's Furniture Standards. BAM has developed Furniture Standards, in conjunction with Workplace Strategy + Design guidelines, to ensure that our customers are purchasing furniture that meets a minimum standard of quality, ensuring a longer lasting product that better promotes an efficient, productive and safe workplace.

Furniture Request Process:

- Submit a Furniture Request Form through online portal
- SAC reviews furniture request
- SAC will review salvaged or donated furniture options before considering new purchases for the space
- If SAC approves a new purchase, SAC provides approved furniture vendor list
- SAC will work with the user group to make final furniture selections

II. CAPITAL REQUEST REVIEW PROCESS

Once all capital requests have been submitted, the Capital Committee (consisting of BOT, the Bureau of Administration (BOA), DBMS and the Office of the Chief Financial Officer (OCFO)), the Vehicle Steering Committee, and the Space Allocation Committee will review each request with the goal of providing continued support for the County's strategic priorities, including:

- centralized vehicle management
- reuse of equipment in good condition
- one-to-one computing, and
- standardizing County computer hardware and software

In addition, the Committees will strive to achieve operational savings and process efficiencies to support the departments' core functions while also leveraging Cook County contracts to achieve strategic savings for the County.

The following capital requests will be reviewed by:

Type of Request	Review Committee
CIP Requests	DCPP and the Capital Committee
Vehicle Requests	Vehicle Steering Committee
Telecom, IT, and other Equipment Requests	OCFO, BOT and DBMS
SAC and Furniture Requests	Department of Real Estate and the Space Allocation Committee

III. REMINDERS

A. Business Case online application

- All CEP and CIP requests must be submitted by **no later than April 30, 2021** using the Business Case online application and, for CEP requests, Hyperion. The link to the Business Case online application is <https://ccnetapps.cookcountyil.gov/BusinessCases/>. A link to the Business Case online application will also be available in Hyperion and on the STEP portal as of March 15, 2021.
- All fields in the Business Case online application and Hyperion (for CEP requests) must be filled in, to the extent feasible, and all required forms must be uploaded for your capital project to be considered for FY2022 funding. DCPP will assist in answering user questions, but **any incomplete CEP or CIP request submitted through the online system will be automatically denied**.
- In addition to filling out the online application (and in the case of CEP requests, Hyperion as well), you must complete and upload:

Type of Request	Additional Required Forms	Where to upload
IT Equipment Request	Updated Software and Hardware Asset Inventory	BOT SharePoint
Non-IT Equipment Request	Updated non-IT, non-vehicle inventory	Hyperion
Vehicle Request	Vehicle Request Form	Hyperion
Furniture Request	Furniture Procurement Request Form	CEP or CIP online form (as applicable)

IT equipment requests *valued at or under \$5,000* will not need to be submitted using the new online application. All such requests may be submitted using the IT Equipment Request Form available on the STEP portal. Please follow the instructions on the form for submitting such requests for review and consideration by BOT.

Additional documents and information about the capital request process can be found on the STEP Portal (<http://step.cookcountyil.gov/coming-soon/policies-procedures/>) under the Capital Equipment Projects and Capital Improvement Projects sections, including (without limitation):

- FY2022 Capital Memo
- Capital Request Kick-Off Presentation (to be uploaded on April 1st after the kickoff meeting)
- Capital Expenditures Guidelines
- Allowable IT Capital Expenditures
- Software and Hardware Asset Inventory and accompanying IT Asset Inventory Submission Instructions
- Non-IT, Non-Vehicle Inventory Template
- IT Equipment Request Form (for equipment requests valued at less than \$5,000)
- SAC Request form (for current year requests)

B. Budget Timeline

Please see below for a tentative FY2022 Budget calendar. DBMS may update the schedule, as needed, and will communicate any such changes to all departments.

Date(s)	Event
February 11 – April 1, 2021	CIP Business Case high-level meetings with user departments.
March 6 – April 15, 2021	BAM continues CIP Business Case development meetings with user departments.
March 15, 2021	<ul style="list-style-type: none"> • Business Case online application opens to user departments for CEP/CIP/SAC requests. • Hyperion opens to user departments for CEP requests.
April 1, 2021	CIP/CEP Kick-Off Information Session
April 12 – April 16	CIP application working session
April 30, 2021	Deadline for all FY2022 CEP/CIP requests.
May 3 – June 18, 2021	Capital requests under review
June 21, 2021	Review of Capital Equipment requests complete and decisions sent to user departments.
October 2021	President’s Executive Recommendation presented to Board of Commissioners
November 5, 2021	Amendments to Budget Recommendation due from Board of Commissioners
Late November 2021	FY2021 Appropriation Bill Sent to Board of Commissioners for a vote
November 30, 2021	End of FY2021

C. Current Year Capital Requests

Departments often inquire with DBMS, BOA and DCPD about the process for current year capital requests. We understand that departments may have unforeseen projects that they would like reviewed for implementation during the current fiscal year. As it relates to such requests, please note the following:

- User departments must have received capital authority for their current year CEP projects in the FY2021 Appropriation. If a current year CEP project or the funding for such project was not authorized as part of the capital appropriation in the FY2021 Annual Appropriation Bill, the user department will need to work with DBMS and the CFO's office to determine if there is a funding mechanism available to complete the project. ***It is important to remember that no CEP may be purchased without corresponding authority under the Appropriation Bill, even if your department is funding the purchase with operating, grant or special purpose fund dollars and not with capital debt.***
- If the user department received a brand new grant which is not included in the FY2021 Annual Appropriation Bill and the terms of the grant permit funding of capital equipment projects, as long as the Board has approved the execution of the grant award, the user department is allowed to spend funds for capital equipment in FY2021. However, you must work with DBMS to set up the capital project prior to using the grant funding to make the purchase.
- For FY2021, departments were asked to submit prior year/carryover CIP requests into the new online Business Case system. For FY2022, DCPD will be connecting with each user to determine which of their FY2021 requests that they want to have carried over without needing to re-submit them.