**BPC#\_\_\_\_\_**

(BPC use only)

**Project Summary Information**

|  |  |
| --- | --- |
| Original Request Date |  |
| Latest Revision Date |  |
| Project Title |  |
| Requesting Department/Division/Section |  |
| Project Sponsor/Phone#/Email |  |
| Project Lead/Contact – Phone #/Email |  |
| Estimated Start Date |  |
| Estimated Completion Date |  |
| **For Business Cases to Be Reviewed by City of Tacoma** |
| iSTAR Ticket # |  |
| Key Departmental Contact |  |
| IT Department Contact |  |
| Executive Sponsor (ISGB Member) |  |
| **For Business Cases to Be Reviewed by Tacoma Public Utilities** |
| [UT Project Prioritization Worksheet](http://cityshare/teams/PWR/PMO/Resource%20Library/Templates%20and%20Samples/TEMPLATE%20-%20UT%20Project%20Prioritization%20Worksheet.xlsx) |
| Project Type  |  |
| Strategic Alignment Score |  |

**Budget Information**

|  |  |
| --- | --- |
| Next Biennium Capital Budget Request |  |
| Total Capital Project Budget |  |
| Total One-Time O&M Project Costs |  |
| Total Project Costs (Capital and O&M) |  |
| **Related Prior Biennia Projects** |
| Project # | Title | Estimated Spent-to-Date through End of Current Biennium |
|  |  |  |
|  |  |  |
|  |  |  |

1. Project Overview
	1. Project Description

[Briefly describe the project. Include what is in scope and what is out of scope. Scope should include all the effort necessary to realize the anticipated benefits (provide detailed labor hours and cost estimates by classification using the separate cost-benefit analysis template as appropriate). Consider relationships and dependencies with other projects. Provide relevant history or background information.]

* 1. Business Need/Opportunity

[Provide a clear and concise description of the problem, business need, or opportunity driving the need for this project.]

* 1. Anticipated Quantifiable & Non-Quantifiable Benefits/Outcomes

[Narratively describe the goals and objectives of the project. What will determine whether the project was successful or not? Link to the identified benefit categories on page 1 as well as specific business priorities and strategic goals (e.g., balanced scorecard initiatives or objectives), if applicable.]

* 1. Comparative Cost-Benefit Analysis

[Provide a summary of quantifiable costs and benefits associated with the alternatives evaluated. Utilize the [Technology Project Cost-Benefit Analysis Workbook](http://cityshare/teams/PWR/PMO/Resource%20Library/Templates%20and%20Samples/TEMPLATE%20-%20Technology%20Project%20Cost-Benefit%20Analysis%20Workbook%20FINAL.xlsx) for all projects.]

| **Alternative** | **Benefit/Cost** | **NPV** | **ROI** | **Payback Years** | **[Other]** |
| --- | --- | --- | --- | --- | --- |
| 1. Business as Usual
 |  | $ | % |  |  |
| 1. Recommended
 |  | $ | % |  |  |
| 1. [Alternative]
 |  | $ | % |  |  |

1. Project Management Plan
	1. Project Milestones and Required Resources

[List target completion dates for key project milestones (can be an actual date or quarterly/monthly estimate). Use the milestones in the table below or revise as appropriate for the project. Use an “X” in the spaces provided to indicate the resources required for implementation and future operations. Provide a more detailed project work plan and schedule if available and additional narrative as appropriate. ]

| Key Milestones | Target Completion Date | Required Project Resources |
| --- | --- | --- |
| Business Unit | ITD | UTS/PMO | Other\* |
| Project Management |  |  |  |  |  |
| Requirements/Bid Specification/RFP |  |  |  |  |  |
| Procurement |  |  |  |  |  |
| Design |  |  |  |  |  |
| Development |  |  |  |  |  |
| Testing |  |  |  |  |  |
| End User Acceptance Testing |  |  |  |  |  |
| Training |  |  |  |  |  |
| Organizational Change and Communications |  |  |  |  |  |
| Support and Maintenance |  |  |  |  |  |

\*Consider Organization Change Management Office (Total Quality Management Office), Community & Media Services, Purchasing, Legal, Real Property Services, etc.

* 1. Other Stakeholders

[List any other affected business units and summarize how they will be impacted by this project.]

| Business Unit | Contact Person | Impact |
| --- | --- | --- |
|  |  |  |
|  |  |  |
|  |  |  |

1. Alternatives Analysis
	1. Alternative A – Business as Usual

[Briefly describe business as usual. Note that business as usual can be the recommended alternative. If this is the case, the sponsoring department/division should retain the business case for record of analysis.]

* + 1. One-Time Project Costs

[Indicate the total one-time project costs, including capital and operations expense. Provide additional narrative as needed. See attached cost matrix for reference.]



\*Grey cells indicate project activity cannot be considered capital.

* + 1. Annual Recurring Costs

[Indicate the annual recurring costs for ongoing operations. Provide additional narrative as needed.]



* + 1. Quantifiable & Non-Quantifiable Benefits/Outcomes

[Describe anticipated benefits. Use the table below to detail quantifiable benefits considered in the cost-benefit analysis. Note that labor productivity gains are *not considered* a quantifiable benefit unless overtime can be reduced or positions eliminated.]



* + 1. Risks and Constraints

[Describe the risks of continuing business as usual.]

* + 1. Sensitivity Analysis

[Describe the sensitivities of key financial assumptions and their impacts on the cost-benefit analysis. Discuss how key assumptions would have to change for this alternative to become more viable than the recommended project.]

* 1. Alternative B – Recommended Alternative

[Briefly describe the recommended project.]

* + 1. One-Time Project Costs

[Indicate the total one-time project costs, including capital and operations expense. Provide additional narrative as needed.]



\*Grey cells indicate project activity cannot be considered capital.

* + 1. Annual Recurring Costs

[Indicate the annual recurring costs for ongoing operations. Provide additional narrative as needed.]



* + 1. Quantifiable & Non-Quantifiable Benefits/Outcomes

 [Describe anticipated benefits. Use the table below to detail quantifiable benefits considered in the cost-benefit analysis. Note that labor productivity gains are NOT CONSIDERED a quantifiable benefit unless overtime can be reduced or positions eliminated.]



* + 1. Risks and Constraints

[Describe the risks of the project. Discuss how these risks will be managed.]

* + 1. Sensitivity Analysis

[Describe the sensitivities of key financial assumptions and their impacts on the cost-benefit analysis. Discuss how key assumptions would have to change for the recommended alternative to no longer be valid.]

* 1. Alternative C – Other Alternative

[Briefly describe any other alternative considered.]

* + 1. One-Time Project Costs

[Indicate the total one-time project costs, including capital and operations expense. Provide additional narrative as needed.]



\*Grey cells indicate project activity cannot be considered capital.

* + 1. Annual Recurring Costs

[Indicate the annual recurring costs for ongoing operations. Provide additional narrative as needed.]



* + 1. Quantifiable & Non-Quantifiable Benefits/Outcomes

 [Describe anticipated benefits. Use the table below to detail quantifiable benefits considered in the cost-benefit analysis. Note that labor productivity gains are NOT CONSIDERED a quantifiable benefit unless overtime can be reduced or positions eliminated.]



* + 1. Risks and Constraints

[Describe the risks of this alternative. Discuss how these risks could be managed.]

* + 1. Sensitivity Analysis

[Describe the sensitivities of key financial assumptions and their impacts on the cost-benefit analysis. Discuss how key assumptions would have to change for this alternative to become more viable than the recommended project.]

1. Supporting Documentation

[List any supporting documentation that is to be included with the business case.]

| Document Name |
| --- |
|  |
|  |
|  |

[Note: This note and all other bracketed notes are for informational purposes only and should be removed within the final document. Subsequent pages are for informational purposes only as well and can be removed.]

**Capital or Operational Expense Guidelines for Technology Projects**

**When is it appropriate to consider capitalizing software?**

Purchased software can be capitalized as an intangible asset if the purchase cost exceeds $5,000 and the useful life of the software exceeds one year. Certain costs for internally created software or modifications to commercially available software can also be capitalized if the costs meet additional requirements as shown below. Amortization (similar to depreciation) is the method used to expense the software cost over its expected useful life, in the case of licensed software not longer than the license period including reasonable renewals. The following is intended to provide general guidelines for the appropriate accounting treatment of software purchases or costs to create internal software. The guidelines do not capture all nuances to be considered in the final accounting treatment, please involve Finance in early discussions when contemplating software capitalization.

**New Internally Generated Software and Modified Commercial Software:**

This is software that is created or produced internally or acquired from a third party and requires more than minimal incremental effort to achieve its expected service capacity. Capitalization can occur only after achieving all of the following:

1. There has been a determination of the specific objective of the project and service capacity.
2. Demonstration of feasibility for completing the project.
3. Demonstration of the intent, ability and presence of effort to complete the project.

**Modifications to Software in Operation:**

Modification to software already in operation can be capitalized if all the above criteria have been met and meet one of the following:

1. There is a significant increase in functionality; the software is able to perform tasks previously unavailable.
2. There is a significant increase in the efficiency of the software; there is an increase in the level of service.
3. The useful life of the software is significantly extended.

**Project life cycle and accounting treatment:**

For internally developed or modified software the following life cycle of a project outlines how costs would generally be treated from an accounting perspective.

1. **Preliminary Project Stage** –**Costs are an Operational Expense**

Activities include conceptual formulation, determination of available technology and evaluation of alternatives and final selection of software or programming approach.

1. **Application Development Stage** – **Costs are Capitalized**

 Activities include design of chosen path, software configuration and interfaces, coding, installation to hardware, testing and parallel processing phases. Data conversion is an activity in this stage only to the extent it is necessary to make the software operational for use.

1. **Post-Implementation/Operation Stage** – **Costs are Expensed**

Activities include application training, data conversion not required to make the software operational and software maintenance.

**Cost matrix provided as a guide. Consult the Finance Department for final determination.**



a. Internal hourly labor charges use cost center activity rates which include benefits and are set annually by Finance.

b. Travel is capitalized when associated with a capitalized activity and is operational when associated with an operational activity.

c. Data conversion is typically categorized as an operating expense. The exception is if the converted data is required to make the new system functional.

d. Typically NOT project costs, but rather operating expense. However, if incurred during the life of the project these costs can be capitalized.

e. Labor - Upgrading or enhancing of an existing software asset that will result in significant additional functionality or a significant extension of the software's useful life should follow the same capitalization rules as a new system development project.

f. Budget and charge to capital projects labor for staff/consultants/contractors who actively contribute to the capital activities of technology projects.

g. Most of these costs are already covered in the capital A&G rate applied to city labor costs posted to capital projects.

h. Early contract development or review by legal, or anyone else, prior to vendor selection is expensed.

i. All contract preparation and negotiation after vendor selection is capitalized.

j. Maintenance fees are not capitalized even when included with the contract cost – these must be broken out and expensed.