



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

July 14, 2009

Motion 13026

Proposed No. 2009-0390.3

Sponsors Ferguson, Dunn, Constantine, von Reichbauer, Phillips, Patterson, Gossett and Lambert

1 A MOTION ensuring accountability for public tax dollars
2 and public resources and establishing a plan for greater
3 oversight for capital projects and requesting the executive
4 to apply best practices methodology in preparation of the
5 overhead cost allocation model.

6
7 WHEREAS, the King County council has recently received the results of the
8 Washington State Auditor's Office Accountability Audit Report, which reviewed King
9 County's accountability and compliance with state laws and regulations and its own
10 policies and procedures, and

11 WHEREAS, the King County council, in its role as the oversight body for the
12 King County government, has taken a number of actions in recent years to improve
13 capital project oversight and ensure accountability for public tax dollars and resources
14 and intends to expeditiously address issues raised by the audit report, and

15 WHEREAS, in 2006, the King County council established the capital projects
16 oversight function within the King County auditor's office to oversee King County's large

17 capital construction projects, with the mission of controlling cost overruns and
18 unforeseen changes in project scopes, schedules and budgets, and

19 WHEREAS, the King County council has expanded the capital projects oversight
20 function each year, growing from its original pilot project status reviewing four large
21 capital construction projects in 2007 to providing more extensive oversight of
22 management practices for capital projects across all departments in 2009, and

23 WHEREAS, in the 2008 adopted budget, Ordinance 15975, the King County
24 council required the accountable business transformation program management office
25 and the office of management and budget to develop a budget process for capital
26 improvement project ("CIP") reporting that would provide the following information for
27 each CIP: (1) the initial, baseline schedule, scope of work and budget ("baseline
28 information"); (2) all the costs, incurred to date and projected to complete the project, by
29 a standard category system ("standard system") to be used by all agencies to capture and
30 report such project costs; (3) the standards or methodologies used by the CIP agency for
31 estimating those costs; (4) the schedule milestones for each project, completed and
32 projected; and (5) a reporting mechanism that clearly indicates a project's deviations from
33 the initial baseline information, when the deviations occurred, in what project cost
34 category and the reasons why, and

35 WHEREAS, in the 2008 adopted budget, Ordinance 15975, the King County
36 council required the executive to transmit a critical analysis report for all current CIP
37 projects over \$750,000, and

38 WHEREAS, in the 2007 adopted budget, Ordinance 15652, the King County
39 council required the executive to submit a report to the council identifying, in priority

40 order, by fund, all current individual CIPs for which total project costs estimates
41 exceeded \$10,000,000, and providing the following information on each project: (1) the
42 date funds were first appropriated to the capital improvement project; (2) reasons for any
43 significant delay and/or significant rescoping; (3) current scope of work; (4) current
44 schedule; (5) current budget including identification of increased costs over time; (6)
45 delivery method, including identification of financing and contracting mechanisms; (7) a
46 description of the project's prioritized ranking at the time it first received appropriation
47 and its priority ranking as of January 1, 2007, and the basis for these rankings; and (8)
48 whether the project is consistent with or has been significantly altered from its original
49 scope and purpose, and

50 WHEREAS, in the 2008 adopted budget, Ordinance 15975, the King County
51 council took a number of actions related to performance measurement in the roads capital
52 projects budget including requiring the roads division to report a work plan for
53 developing an operational master plan, reducing the roads CIP by more than \$74,000,000
54 over six years, restricting expenditure for selected roads CIP projects that exceeded
55 benchmark standards, and other actions to ensure the division complies with industry
56 performance measures and best practices, and

57 WHEREAS, the King County council desires to continue its strong oversight of
58 county operations, provide additional oversight for capital improvement projects and
59 adopt policies that standardize the appropriation, reporting and performance measurement
60 processes for capital improvement projects;

61 NOW, THEREFORE, BE IT MOVED by the Council of King County:

62 A. To build on the previous efforts of the council to ensure oversight of capital
63 projects, the council will consider legislation by September 15, 2009, to require the
64 phased release of funding for high risk capital projects and standardize requirements for
65 all capital projects. The proposed legislation shall:

66 1. Provide a method of assessment and definition of high risk project;

67 2. Establish requirements that must be met prior to the appropriation of funds
68 for each of the conceptual design, preliminary design, design, and construction phases of
69 high-risk capital improvement projects, while recognizing the need for capital projects to
70 move from one phase to the next without significant delay;

71 3. Establish a standard report format for all capital project appropriation
72 requests, which shall include all earlier appropriations and past expenditures; and
73 baseline scope, schedule and budget that will remain constant through project closeout;

74 4. Establish a standard set of estimating requirements to ensure that all project
75 budget appropriation requests incorporate a consistent, comprehensive set of cost
76 considerations and all known risks, and require cost estimate accuracies to be reported;

77 5. Require the establishment and maintenance of a risk register for each high-
78 risk capital improvement project, a document that identifies potential events that could
79 impact cost, schedule, or scope, and then formulates associated risk response plans for
80 addressing those risks;

81 6. Require a formal risk assessment for high risk projects before the release of
82 funding for final design; and

83 7. Require that high-risk projects employ earned value forecasting.

84 B. The executive is requested to develop standardized performance
85 measurements for construction projects and submit a copy of these measures to the
86 council by January 1, 2010. Eleven copies of the procedures shall be filed with the clerk
87 of the council, for distribution to all councilmembers.

88 C. The county council together with the county executive shall examine the
89 advisability of implementing a comprehensive, countywide, standardized construction
90 project management information system that would provide accountability and
91 transparency to the policy makers and the public about the progress of capital projects by
92 tracking performance against budgets and schedules. The executive is requested to
93 provide a report to the council by October 15, 2009, that examines the costs and benefits
94 of implementing such a system and describes possible alternative systems for tracking
95 project-, subproject- and contract-level information on all planned and on-going
96 construction project activities. Twelve copies of the report shall be filed with the clerk of
97 the council, for distribution to all councilmembers and the Capital Project Oversight
98 office in the Auditor's Office.

99 D. The King County project control officer is requested to submit four quarterly
100 reports to the council per year, beginning with the third quarter of 2009, summarizing all
101 findings in regards to any changes in a project's scope, schedule, or budget. The reports
102 are due to the council by no later than March 1, June 1, September 1 and December 1 of
103 each year. Twelve copies of each report shall be filed with the clerk of the council, for
104 distribution to all councilmembers and the Capital Project Oversight office in the
105 Auditor's Office.

106 E. The King County project control officer is requested to report on the process
107 used to ensure that all departments and divisions adhere to King County's construction
108 management policies and procedures, the compliance rate for following the county's
109 construction management policies and procedures, and the steps being taken to increase
110 compliance with King County's construction management policies and procedures. The
111 King County project control officer is requested to provide a report to the council by
112 October 15, 2009, with twelve copies of the report to be filed with the clerk of the council
113 for distribution to all councilmembers and the Capital Project Oversight office in the
114 Auditor's Office.

115 F. By October 15, 2009, the King County transit division is requested to submit a
116 report to the council describing any steps that the division is taking to enhance the
117 division's internal controls and procedures as they relate to the handling of fare box
118 collections to ensure full accountability for these cash receipts. Eleven copies of the
119 report shall be filed with the clerk of the council, for distribution to all councilmembers.

120 G. By October 15, 2009, the King County department of public health is
121 requested to submit a report to the council describing any steps that the department is
122 taking to enhance the internal controls and procedures in place to safeguard drug
123 inventory at public health pharmacies and ensure accurate accounting of pharmaceuticals.
124 Eleven copies of the report shall be filed with the clerk of the council, for distribution to
125 all councilmembers.

126 H. By October 15, 2009, the King County department of assessments is requested
127 to submit a report to the council describing any steps that the department is taking to
128 enhance the procedures and internal controls in place to ensure that personal property tax

129 refund requests are handled accurately, consistently, with reasonable thoroughness, and
130 with adequate documentation.

131 I. By October 15, 2009, the King County sheriff's office is requested to submit a
132 report to the council describing any steps that the office is taking to enhance the
133 procedures and internal controls in place to safeguard and account for inventory. The
134 report shall also include any steps that the office is taking to enhance internal controls
135 and procedures for citations, forfeited vehicles and reporting on seized and forfeited
136 property. Eleven copies of the report shall be filed with the clerk of the council, for
137 distribution to all councilmembers.

138 J. By October 15, 2009, the King County district court is requested to submit a
139 report to the council describing any steps that the court is taking to enhance the
140 procedures and internal controls in place for the processing of transactions and the
141 reconciling of bail. Eleven copies of the report shall be filed with the clerk of the
142 council, for distribution to all councilmembers.

143 K. By September 25, 2009, the executive is requested to submit a report to the
144 council summarizing the procedures, assumptions and methodology used to develop the
145 overhead cost allocation model for the 2010 budget. The report should describe efforts to
146 achieve "best practices" for equitable and transparent cost allocation; including efforts to
147 reconcile the model with current year actual budget data and with adjustments for cost
148 center under-expenditures, a comparison of expense and charge practices used by other
149 peer jurisdictions in preparing overhead allocation charges, and documentation of efforts
150 to improve the overhead allocation model based on recommendations of any prior
151 independent studies or audits of King County's allocation methodology. Thirteen copies

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152 of the report shall be filed with the clerk of the council, for distribution to all
153 councilmembers, the chief of staff and the policy staff director.

154

Motion 13026 was introduced on 6/22/2009 and passed as amended by the Metropolitan King County Council on 7/13/2009, by the following vote:

Yes: 8 - Mr. Constantine, Mr. Ferguson, Ms. Lambert, Mr. von Reichbauer,
Mr. Gossett, Mr. Phillips, Ms. Patterson and Mr. Dunn

No: 0

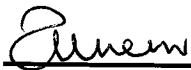
Excused: 1 - Ms. Hague

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Dow Constantine, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments None