## REVISED STAFF REPORT

|  |  |  |  |
| --- | --- | --- | --- |
| **Agenda Item:** |  | **Name:** | Wendy K. Soo Hoo |
| **Proposed No**.: | 2018-0301 | **Date:** | September 12, 2018 |

**COMMITTEE ACTION**

The Budget and Fiscal Management Committee passed with a do-pass recommendation Proposed Ordinance 2018-0301 updating King County Code provisions related to information technology projects. The legislation was amended in committee to make technical clarifications.

**SUBJECT**

Proposed Ordinance 2018-0301 would update the King County Code (K.C.C.) provisions related to reporting requirements for technology capital projects.

**SUMMARY**

Proposed Ordinance 2018-0301 would update sections in K.C.C. 2A.380 and 4A.100.030 such that reporting requirements for technology capital projects would more closely align with reporting requirements for non-technology capital projects. The existing code requirements for both types of projects are largely duplicative and this change could enable the Executive to report information on technology projects in the same format and database as other capital projects.

**BACKGROUND**

As part of the biennial budget process, the Council considers requests for appropriation authority to support a number of information technology (IT) projects, as well as non-technology capital projects.

In 2008, the Council adopted Ordinance 16249, which established reporting requirements for IT projects seeking funding in the budget.

**Technology business plan**. K.C.C. 2A.380.200 currently calls for a biennial technology business plan listing all technology projects proposed for funding, as well as information for each project on the project budget request, total of past appropriations, total estimated cost, expected useful life of the technology, outcome measures and other information.

**Technology project business case.** K.C.C. 4A.100.030 currently requires that technology project budget requests include a business case that includes a description of the problem the technology investment is trying to address; the proposed solution and alternative solutions; and the project goals, objectives and milestones.

**Technology project benefit achievement plans.** K.C.C. 4A.100.030 requires technology projects budget requests to also include a benefit achievement plan describing how the proposed technology investment will produce an improvement or savings in County services and how the improvement or savings will be measured.

**Technology project cost-benefit analysis.** K.C.C. 4A.100.030 currently requires transmittal of a cost-benefit analysis to support each technology project capital budget request.

**Non-technology capital projects code provisions.** For non-technology capital projects seeking appropriation authority, K.C.C. 4A.100.030 subsections A. and B. require the Executive to transmit information on proposed budget authority, expenditures and revenues; whether the project is the result of an operational need; project scope, schedule and risks; explanation of alternatives considered; and other information. This information is provided to the Council in the form of an electronic database known as the Project Information Center (PIC).

**ANALYSIS**

Proposed Ordinance 2018-0301 would eliminate the requirement to transmit a technology business plan and project-specific business cases. Instead, IT projects would be covered by the code provisions (K.C.C. 4A.100.030 subsections A. and B.) that cover other types of capital projects (i.e., physical capital projects).

Table 1 below shows a list of all of the elements required to be reported for IT projects requesting appropriation authority and the comparable reporting requirement that exists for non-technology projects.

|  |  |
| --- | --- |
| **Current Technology Project Reporting Requirement** | **Comparable Reporting Requirements**  **if Proposed Ordinance 2018-0301 is approved** |
| List of technology projects proposed for funding in the new budget | List of all projects with active appropriation authority, including projects not seeking funding, and the unexpended appropriation for each project |
| Total budget request for the proposed project and total of past appropriations | Expenditure authority proposed for new or existing projects with information on proposed revenue  Appropriation and expenditures to date, six-year appropriations, and estimated expenditure authority for the next six years, by program |
| Total estimated cost, annual cash flow plan and any planned carryover/expenditures beyond the two-year budget period | Estimated cost through project closeout, which may be expressed as a range |
| Expected useful life of technology | No comparable element would be required. See discussion below. |
| Preliminary outcome measures to assess whether the project is successful upon completion | Benefit achievement plan would still be required. The benefit achievement plan describes how the proposed technology will produce an improvement or savings and how they will be measured |
| A status report for all existing projects seeking funding | Life to date expenditure authority and moneys expended  Anticipated project schedule information  Current phase of project, phase status and whether designated as mandatory phased appropriation |
| Description of the problem the technology investment is trying to address | Whether the proposed project is the result of an operational need identified in an approved business plan/project plan |
| The proposed solution and analysis of alternative solutions | An explanation of alternatives considered |
| Project goal and objectives and description of the project | Project scope and brief description of how the project satisfies agency business plan requirements |
| Project milestones with dates | Anticipated project schedule information |
| A benefit achievement plan | Benefit achievement plan would still be required for technology projects |
| Cost benefit analysis | The cost-benefit analysis requirement would be eliminated, but technology projects would now be required to estimate operations/maintenance costs after project completion. In addition, the benefit achievement plan captures anticipated financial benefits. |

The only currently required reporting element for IT projects that would not continue if the proposed legislation were approved, is the expected useful life of a technology project. According to Executive staff, an average application lasts 5 to 7 years but the County tends to use technologies longer. In general, the expected useful life of technology varies greatly by solution, vendor, platform, and the business process. KCIT used to estimate the life of hardware but with the move to Cloud platforms, Executive staff indicate that the useful life of hardware is no longer a meaningful measure.

In addition, IT projects would need to report information that is required for all other types of capital projects. For example, consistent with non-technology projects, IT projects would be required to provide information on how the contingency amount was determined, estimated operations and maintenance costs, and information on funding risks. In practice, the Executive has already provided this information for IT projects, so this would align the code to existing practice.

**AMENDMENT**

Amendment 1 would make technical clarifications to Proposed Ordinance 2018-0301.