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Title: AN ORDINANCE establishing budget reporting requirements for technology capital projects; and amending Ordinance 14005, Section 4, as amended, and K.C.C. 2.16.0757 and Ordinance 12076, Section 3, as amended, and K.C.C. 4.04.030.

Sponsors: Larry Phillips, Bob Ferguson

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9/29/2008	1	Metropolitan King County Council	Passed	Pass
9/17/2008	1	Capital Budget Committee		
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AN ORDINANCE establishing budget reporting requirements for technology capital projects; and amending Ordinance 14005, Section 4, as amended, and K.C.C. 2.16.0757 and Ordinance 12076, Section 3, as amended, and K.C.C. 4.04.030.

STATEMENT OF FACTS:

1. From January 1, 2006, through December 31, 2007, the project review board tracked a total of \$255.4 million in technology projects.
2. As part of the annual budget process, the council evaluates all technology projects proposed in the budget.
3. The King County general government budget advisory task force recommended better budget

transparency.

4. The King County final report and recommendations of the commission on governance called for more efficient and effective county business.

5. Over the last several years, the council has increased its oversight and accountability of capital project management by including requirements for increased transparency in capital project reporting and through the creation of the office of capital project oversight.

6. Consistent with Motion 12836 setting forth the council's budget priorities for the 2009 budget, the council requires information on capital technology projects in order to evaluate whether proposed technology projects are consistent with the council's budget priorities.

7. The countywide budget system will not be ready for use to provide improved budget decision making tools until April 2012.

8. In order to effectively evaluate proposed technology projects and hold technology projects accountable for scope, schedule and budget changes over the life of the project, information must be presented at the time of budget transmittal for each technology project.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Ordinance 14005, Section 4, as amended, and K.C.C. 2.16.0757 are hereby amended to read as follows:

The office of information resource management shall include an information technology strategic planning office ("strategic planning office"). The strategic planning office shall report directly to the chief information officer. The strategic planning office shall:

A. Produce an information technology strategic plan with annual updates (~~(, as appropriate,)~~) for council approval. The strategic technology plan shall be transmitted to council no later than January 31 of the reporting period. The plan should include:

1. A section that includes:

- a. text describing, for individual planning issue areas, the current environment, strengths, weaknesses, opportunities and challenges(~~(, as appropriate)~~);
- b. a list of recommended objectives, with description (~~(as appropriate)~~); and
- c. a list of implementation steps intended to achieve these recommended objectives, with description (~~(as appropriate)~~);

2. A section that includes accomplishments towards meeting objectives from previous approved strategic plans, when objectives have not been met and a discussion of the obstacles towards meeting those objectives; and

3. Appendices supporting the recommendations with empirical data;

B. Support the work of countywide planning committees that coordinate business and technical needs for information technology investments;

C. Produce an annual technology report. The annual technology report shall be transmitted to council no later than June 30 of each year; and

D. Produce an annual proposed technology business plan. The annual proposed technology business plan shall be transmitted to the council (~~(along with)~~) at the time of transmittal of the executive's proposed budget. Beginning with the 2010 budget transmittal, the annual proposed technology business plan shall include the items listed in subsection D.1. through 5. of this section. For the 2009 budget transmittal, if it is not feasible to include the information in subsection D.1. through 5. of this section in the proposed technology business plan, it is the intent of the council that the information outlined in subsection D.1. through 5. of this section be provided separate from the proposed technology business plan at the time of the budget transmittal.

1. A summary of each technology project seeking funding in the proposed budget.

2. For each project seeking funding in the budget, the following information shall be reported:

a. the total budget request for the proposed project;

b. the total of past appropriations;

- c. an estimate of any future budget requests to complete the project;
 - d. project milestones with specific dates, of which at least two shall be projected to occur during the proposed budget year; and
 - e. a cash flow plan identifying the dates when funds proposed in the budget are anticipated to be encumbered or expended.
 - f. the expected useful life of the technology.
 - g. preliminary outcome measures to assess whether the project is successful upon completion.
3. For all existing projects seeking funding in the proposed budget, the technology business plan shall include a status report on whether the project's major milestones identified at the time of the first and subsequent budget appropriations have been achieved shall be provided.
4. A list of all projects with active appropriation authority, including projects not seeking funding in the proposed budget and the unexpended appropriation for each project.
5. The technology business plan shall include a table identifying the projected cost savings from information technology projects. The table shall be updated annually at the time of the transmittal to the council to document achieved savings versus the projected savings at the time the project was approved.

SECTION 2. Ordinance 12076, Section 3, as amended, and K.C.C. 4.04.030 are each hereby amended to read as follows:

The budget documents shall include, but not be limited to, data specified in this chapter.

A. The budget shall set forth the complete financial plan for the ensuing fiscal year showing planned expenditures and the sources of revenue from which they are to be financed.

- 1. The budget document shall include the following:
 - a. estimated revenue by fund and by source from taxation;
 - b. estimated revenues by fund and by source other than taxation;
 - c. actual receipts for first six months, January 1 through June 30, of the current fiscal year;

- d. actual receipts for the last completed fiscal year by fund and by source;
- e. estimated fund balance or deficit for current fiscal year by fund; and
- f. such additional information dealing with revenues as the executive and council shall deem pertinent and useful;
- g. tabulation of expenditures in a comparable form by fund, program project or object of expenditure for the ensuing fiscal year;
- h. actual expenditures for the first six months, January 1 through June 30, of the current year;
- i. actual expenditures for the last completed fiscal year;
- j. the appropriation for the current year; and
- k. such additional information dealing with expenditures as the executive and council shall deem pertinent and useful.

2. All capital improvement projects and appropriations shall be authorized only by inclusion in the annual council adopted CIP or any amendment thereto. A bond ordinance is not an appropriation for capital projects. The capital improvement section of the budget shall include:

- a. estimated expenditures for at least the next six fiscal years by program;
- b. expenditures planned for current, pending, or proposed capital projects during the fiscal year, classified according to proposed source of funds whether from bonds, or any combination of other local, state, federal and private sources;
- c. an alphabetic index to enable quick location of any project contained in the budget;
- d. a discrete number for each project that shall serve to identify it within the capital budget document and all accounting reports;
- e. estimated net annual operating costs associated with each project upon completion or in cases where operating costs are negligible or incalculable, a statement to that effect;
- f. an identification of all CIP projects by council district in

which they are located;

g. CIP projects funded in the budget year, which shall be presented in separate sections of the budget.

(1) Major maintenance reserve fund CIP projects shall be presented in the six-year general CIP program.

(2) The appropriation for major maintenance reserve fund CIP projects shall be made at the major maintenance reserve fund level in accordance with K.C.C. 4.04.265.

(3) Roads CIP projects shall be presented in the six-year road CIP program

(4) The appropriation for roads CIP projects shall be made at the roads CIP fund level in accordance with K.C.C. 4.04.270.

(5) Wastewater CIP projects shall be presented in the six-year wastewater CIP program.

(6) The appropriation for wastewater CIP projects shall be made at the wastewater CIP fund level in accordance with K.C.C. 4.04.280.

(7) Surface water management CIP projects shall be presented in the six-year surface water management CIP program.

(8) The appropriation for surface water management CIP projects shall be made at the surface water management CIP fund level in accordance with K.C.C. 4.04.275;

(9) Solid waste CIP projects shall be presented in the six-year solid waste CIP program((:));

(10) The appropriation for solid waste CIP projects shall be made at the solid waste CIP fund level in accordance with K.C.C. 4.04.273; and

(11) The technology business plan in accordance with K.C.C. 2.16.0757.

h. in addition to schedule requirements, a statement of purpose and estimated total cost for each project for which expenditures are planned during the ensuing fiscal year;

i. the original project cost estimate which shall remain fixed from year to year. This original cost estimate shall be included in the capital budget document. A project record, separate from the budget

document, shall be provided that identifies the original project cost estimate and any subsequent changes to the original project cost estimate by cost element and revenue source as approved in the budget document or any amendment to the budget;

j. an enumeration of revised project cost estimates;

k. funds actually expended for projects as of June 30 of the current year;

l. funds previously authorized for the project;

m. anticipated specific cost elements within each project. However, the executive is authorized to transfer funds between specific activities within the same project only if these transfers will not result in a necessary increase to the total project budget. A scope change of a project constitutes a revision.

(1) A CIP project scope change shall be included in the CIP exceptions notification if total project costs increase by ten percent or by fifty thousand dollars, whichever is less; or if the schedule deviates by three months.

(2) For parks CIP projects, a CIP exceptions notification shall be filed with the clerk of the council in advance of action for distribution to the chair of the budget and fiscal management committee, or its successor committee, when fifty thousand dollars or more or funds in excess of ten percent of total project costs, whichever is less, are to be transferred from a contingency project to a CIP project.

(3) For major maintenance reserve fund CIP projects, a CIP exceptions notification shall be filed with the clerk of the council in advance of action for distribution to the chair of the budget and fiscal management committee, or its successor committee, when moneys in excess of fifteen percent of the total major maintenance reserve fund CIP project costs are to be transferred from the general facility major maintenance emergent need contingency project.

(4) For roads CIP projects, a CIP exceptions notification shall be filed with the clerk of the council in advance of action for distribution to the chair of the transportation committee, or its successor committee, when contingency funds in excess of fifteen percent of total project costs are to be transferred.

(5) For solid waste, surface water management and wastewater CIP projects, a CIP exceptions notification shall be filed with the clerk of the council in advance of action for distribution to the chair of the budget and fiscal management committee, or its successor committee, and chair of the utilities committee, or its successor committee, when contingency funds in excess of fifteen percent of total project costs are to be transferred;

n. individual allocations by cost element for each capital project; and

o. when a single fund finances both operating expenses and capital projects, there shall be separate appropriations from the fund for the operating and the capital sections of the budget.

B.1. The budget message shall explain the budget in fiscal terms and in terms of goals to be accomplished and shall relate the requested appropriation to the Comprehensive Plan of the county.

2. The total proposed expenditures shall not be greater than the total proposed revenue. However, this requirement shall not prevent the liquidation of any deficit existing on January 1, 1996.

3. If the estimated revenues in the current expense, special revenue or debt service funds for the next ensuing fiscal period, together with the fund balance for the current fiscal period exceeds the applicable appropriations proposed by the executive for the next ensuing fiscal period, the executive shall include in the budget document recommendations for the use of the excess for the reduction of indebtedness, for the reduction of taxation or for other purposes as in his or her discretion shall serve the best interests of the county.

4. If, for any applicable fund, the estimated revenues for the next ensuing period plus fund balance shall be less than the aggregate of appropriations proposed by the executive for the next ensuing fiscal period, the executive shall include in the budget document his or her proposals as to the manner in which the anticipated deficit shall be met, whether by an increase in the indebtedness of the county, by imposition of new taxes, by increase of tax rate or in any like manner.

C.1. Justification for revenues and expenditures shall be presented in detail when necessary to explain changes of established practices, unique fiscal practices and new sources of revenue or expenditure patterns or

any data the executive considers useful to support the budget. The following elements shall be included:

- a. nonbudgeted departments and programs expenditures and revenues; that is, intragovernmental service funds;
- b. historical and projected agency workload information; and
- c. a brief explanation of existing and proposed new programs, as well as the purpose and scope of agency activities.

2. Capital improvement program data shall include, but not be limited to, the streets and highway programming process, which shall specify priorities, guide route establishments, select route design criteria and provide detailed design information for each road or bridge project.

D.1. Beginning with budget year 2004, the department of executive services shall submit a request for CIP project funding, which shall specify project funding levels on a project-by-project basis, but which shall be appropriated at the major maintenance reserve fund CIP fund level, stated as an aggregate of individual projects for the budget year in question in accordance with K.C.C. 4.04.266.

2. The council may require other data from the department of executive services that the council considers necessary for review of the budget, which may include objects of expenditure and other expenditures categories.

E.1. The department of transportation shall submit a request for CIP project funding, which shall specify project funding levels on a project-by-project basis, but which shall be appropriated at the road CIP fund level, stated as an aggregate of individual projects for the budget year in question in accordance with K.C.C. 4.04.270.

2. The council may require other data from the department of transportation that the council considers necessary for review of the budget, which may include objects of expenditure and other expenditures categories.

F.1. The department of natural resources and parks shall submit a request for CIP project funding,

which shall specify project funding levels on a project-by-project basis, but which shall be appropriated at the wastewater CIP fund level, stated as an aggregate of individual projects, including subprojects, for the budget year in question in accordance with K.C.C. 4.04.280. Except for multiyear construction contracts and carryover amounts approved during the annual CIP reconciliation process, appropriations shall be for one year. All construction contracts including multiyear construction contracts shall be appropriated for the full construction amount in the first year. Any multiyear construction contracts longer than three years must be specifically identified in the wastewater CIP budget request. The request for CIP project funding for wastewater asset management shall include categories of wastewater asset management projects. Wastewater asset management projects shall be appropriated annually at the category level. The executive-proposed CIP shall allocate anticipated expenditures for each wastewater asset management project category as part of the six-year wastewater CIP. For each category, a proposed project list will be appended.

2. The council may require other data from the department of natural resources and parks that the council considers necessary for review of the budget, which may include objects of expenditures and other expenditures categories.

G.1. The department of natural resources and parks shall submit a request for CIP project funding, which shall also specify project funding levels on a project-by-project basis but which shall be appropriated at the surface water management CIP fund level, states as an aggregate of individual projects, including subprojects, for the budget year in question in accordance with K.C.C. 4.04.275. Except for multiyear construction contracts and carryover amounts approved during the annual CIP reconciliation process, appropriations shall be for one year. All construction contracts including multiyear construction contracts shall be appropriated for the full construction amount in the first year. Any multiyear construction contracts longer than three years must be specifically identified in the surface water management CIP budget request.

2. The council may require from the department of natural resources and parks other data that the council considers necessary for review of the budget, which may include objects of expenditure and other

expenditures categories.

H.1. The department of natural resources and parks shall submit a request for CIP project funding, which shall also specify project funding levels on a project-by-project basis but which shall be appropriated at the solid waste CIP fund level, states as an aggregate of individual projects, including subprojects, for the budget year in question in accordance with K.C.C. 4.04.273. Except for a multiyear construction contracts and carryover amounts approved during the annual CIP reconciliation process, appropriations shall be for one year. All construction contracts including multiyear construction contracts shall be appropriated for the full construction amount in the first year. Any multiyear construction contracts longer than three years must be specifically identified in the solid waste CIP budge request.

2. The council may require from the department of natural resources and parks

other data that the council considers necessary for review of the budget, which may include objects of expenditure and other expenditures categories.

none