

audit report, and

WHEREAS, in 2006, the King County council established the capital projects oversight function within the King County auditor's office to oversee King County's large capital construction projects, with the mission of controlling cost overruns and unforeseen changes in project scopes, schedules and budgets, and

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

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

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

WHEREAS, in the 2007 adopted budget, Ordinance 15652, the King County council required the executive to submit a report to the council identifying, in priority order, by fund, all current individual CIPs for which total project costs estimates exceeded \$10,000,000, and providing the following information on each project: (1) the date funds were first appropriated to the capital improvement project; (2) reasons for any

significant delay and/or significant rescoping; (3) current scope of work; (4) current schedule; (5) current budget including identification of increased costs over time; (6) delivery method, including identification of financing and contracting mechanisms; (7) a description of the project's prioritized ranking at the time it first received appropriation and its priority ranking as of January 1, 2007, and the basis for these rankings; and (8) whether the project is consistent with or has been significantly altered from its original scope and purpose, and

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

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

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

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

1. Provide a method of assessment and definition of high risk project;
2. Establish requirements that must be met prior to the appropriation of funds for each of the conceptual design, preliminary design, design, and construction phases of high-risk capital improvement projects, while recognizing the need for capital projects to move from one phase to the next without significant delay;
3. Establish a standard report format for all capital project appropriation requests, which shall include

all earlier appropriations and past expenditures; and baseline scope, schedule and budget that will remain constant through project closeout;

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

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

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

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

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

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

D. The King County project control officer is requested to submit four quarterly reports to the council

per year, beginning with the third quarter of 2009, summarizing all findings in regards to any changes in a project's scope, schedule, or budget. The reports are due to the council by no later than March 1, June 1, September 1 and December 1 of each year. Twelve copies of each report shall be filed with the clerk of the council, for distribution to all councilmembers and the Capital Project Oversight office in the Auditor's Office.

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

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

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

H. By October 15, 2009, the King County department of assessments is requested to submit a report to the council describing any steps that the department is taking to enhance the procedures and internal controls in place to ensure that personal property tax refund requests are handled accurately, consistently, with reasonable thoroughness, and with adequate documentation.

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

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

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