



## Legislation Details (With Text)

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**File created:** 8/31/2009      **In control:** Committee of the Whole

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**Enactment date:** 3/10/2010      **Enactment #:** 16764

**Title:** AN ORDINANCE providing for appropriation by phases for high-risk capital projects and establishing standardized requirements for capital project reporting and cost-estimating; amending Ordinance 12076, Section 2, as amended, and K.C.C. 4.04.020, Ordinance 12076, Section 3, as amended, and K.C.C. 4.04.030, Ordinance 14743, Section 6, and K.C.C. 4.04.265, Ordinance 13035, Section 5, as amended, and K.C.C. 4.04.270, Ordinance 14811, Section 6, and K.C.C. 4.04.273, Ordinance 14452, Section 5, and K.C.C. 4.04.275, Ordinance 14122, Section 6, as amended, and K.C.C. 4.04.280, Ordinance 14921, Section 6, and K.C.C. 4.06.040 and adding new sections to K.C.C. chapter 4.04.

**Sponsors:** Bob Ferguson, Reagan Dunn, Larry Phillips, Kathy Lambert, Julia Patterson, Jane Hague, Jan Drago

**Indexes:**

**Code sections:** 4.04 -, 4.04.020 -, 4.04.030 -, 4.04.265 - ., 4.04.270 -, 4.04.273 - ., 4.04.275 - ., 4.04.280 -, 4.06.040 - .

**Attachments:** 1. 16764.pdf, 2. 2009-0523 Staff Report for 10-12-09 COW.pdf, 3. 2009-0523 Staff Report high-risk capital proj 02-08-10, 4. 2009-0523 Staff Report high risk projects 2-24-10, 5. 16764 Amendment Package 3-1-10.pdf

Date	Ver.	Action By	Action	Result
3/1/2010	2	Metropolitan King County Council	Passed as Amended	Pass
2/24/2010	2	Committee of the Whole	Recommended Do Pass Substitute	Pass
2/8/2010	1	Committee of the Whole	Deferred	
1/4/2010	1	Metropolitan King County Council	Reintroduced	
10/12/2009	1	Committee of the Whole	Deferred	
9/28/2009	1	Metropolitan King County Council	Re-referred	
8/31/2009	1	Metropolitan King County Council	Introduced and Referred	

Clerk 03/01/2010

AN ORDINANCE providing for appropriation by phases for high-risk capital projects and establishing standardized requirements for capital project reporting and cost-estimating; amending Ordinance 12076, Section 2, as amended, and K.C.C. 4.04.020, Ordinance 12076, Section 3, as amended, and K.C.C. 4.04.030, Ordinance 14743, Section 6, and K.C.C. 4.04.265, Ordinance 13035, Section 5, as amended, and K.C.C. 4.04.270, Ordinance 14811, Section 6, and K.C.C.

4.04.273, Ordinance 14452, Section 5, and K.C.C. 4.04.275, Ordinance 14122, Section 6, as amended, and K.C.C. 4.04.280, Ordinance 14921, Section 6, and K.C.C. 4.06.040 and adding new sections to K.C.C. chapter 4.04.

STATEMENT OF FACTS:

1. On June 22, 2009, the state Auditor released an Accountability Audit Report of King County, wherein the state Auditor expressed concerns about oversight of capital projects.
2. The council has previously taken significant steps to provide capital project oversight. For example, in 2006, the council created a capital projects oversight office in the county auditor's office that oversees the county's large capital construction projects. In 2008, the council required the executive to transmit a critical analysis report for all current capital improvement projects over seven hundred fifty thousand dollars. These are just two of many capital projects oversight actions that the council has taken.
3. The state Auditor found that "lack of adequate performance measures and expectations prevent the King County Executive and Council from providing adequate oversight of construction activity." The state Auditor noted, "We believe some of the variances [between initial budget and final project cost] may be attributed to poor budget estimation, inaccurate or incomplete project specifications and/or inadequate cost controls."
4. On July 13, 2009, the council passed Motion 13026, directing that the council consider legislation by September 15, 2009, that would require phased appropriation of funding for high-risk capital projects and create standard reporting and cost-estimating requirements for all capital projects. This ordinance is in response to that directive.
5. The legislation incorporates recommendations from the King County Capital Project Oversight - Phase 1 Report A produced by PMA Consultants in August 2007, "Design of a Model for the Auditor's Office Capital Project Oversight Reporting" and was developed with

extensive input from executive agencies.

6. In 2010, the executive will review all sections of the King County code that pertain to capital projects, with the goal of developing clear, consistent and meaningful standards for effective capital project reporting and appropriation requests, clarifying standards for submittal of all capital budget appropriation requests and removing duplicative sections.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

NEW SECTION. SECTION 1. A. This ordinance is intended to enhance the county's ability to identify high-risk capital projects, provide greater scrutiny of high-risk capital projects, and promote accountability of government spending.

B. It is further the county's intent that a select group of high-risk capital projects receive closer council scrutiny and rigorous cost controls each year. The number of projects selected for high-risk review should be small enough to allow for focused, meaningful oversight by the council and executive.

C. It is further the county's intent that all capital project appropriation requests be accompanied by a consistent, comprehensive set of scope, schedule and budget information that will allow more comprehensive tracking of projects.

NEW SECTION. SECTION 2. There is hereby added to K.C.C. chapter 4.04 a new section to read as follows:

A. For the purposes of this section:

1. "Capital projects oversight program" means the function within the King County auditor's office to oversee King County's large capital construction projects that was initially funded within the 2007 annual budget;

2. "Earned value management" means an analysis of how much has been accomplished on a capital project to date compared to the project's planned scope, schedule and cost. It includes a plan that identifies work to be accomplished, a valuation of planned work, and predefined earning rules that quantify how to

measure the accomplishment of work;

3. "Eligible capital project" means a capital project as defined in K.C.C. 4.04.020, except it does not include information technology projects, transit acquisitions, affordable housing and community development projects that are developed and managed by noncounty entities, energy savings performance contracts or lease-based projects;

4. "Estimate at completion" means a forecast of cost and time to complete a project. The estimate at completion includes the amount of cost and time incurred to date plus remaining forecasted cost and time;

5. "High-risk project" means an eligible capital project with characteristics that increase its likelihood of being completed late or over budget at a potentially significant financial cost or other significant impact to the county. Whether an eligible capital project is a high-risk project shall be determined by the process in subsection C. of this section;

6. "Joint advisory group" means the real estate and major capital project review joint advisory group created in K.C.C. chapter 4.06;

7. "Lease-based project" means a project where a lease-purchase or lease-leaseback agreement is proposed, pursuant to Chapter 35.42 RCW, that transfers construction risk to a developer or not-for-profit intermediary and provides the contractual basis for obtaining funding from a third party to finance construction of the project;

8. "Project baseline" means the scope, schedule and budget set at the conclusion of the preliminary design phase when the preferred alternative has been selected and design has progressed adequately to make reasonable and informed commitments, at thirty to forty percent design. Project baseline is used as a basis for variance reporting and performance measurement;

9. "Project management plan" means a formal document that defines how the project is executed, monitored and controlled. The objective of the project management plan is to define the approach and schedule to be used by the project team to deliver the intended project scope.

10. "Risk register" means a document that identifies potential events that could impact cost, schedule, or scope. The document formulates plans for addressing those risks.

11. "Rough order of magnitude cost estimate" means an early cost estimate based on approximate cost models; and

12. "Total project cost estimate" means the estimated project cost from the start of planning through project closeout. If the project has a range of potential project costs, the total project cost estimate is the highest cost in the range.

B.1. For any eligible capital project with a total project cost estimate of over ten million dollars, the executive shall transmit risk score results to the joint advisory group each year in accordance with the process identified in subsection C.1. of this section under the following circumstances:

- a. the appropriation request for the project will be over two hundred thousand dollars or the appropriation request plus the project's prior appropriations will collectively exceed two hundred thousand dollars;
- b. the project has not yet had a high-risk determination from the joint advisory group that was made after setting the project baseline; and
- c. the project has not entered the construction phase.

2. The high-risk determination by the joint advisory group shall be made in accordance with the process outlined in subsection C. of this section.

3. High-risk projects shall provide supporting data in accordance with the requirements of subsections F. through H. of this section beginning with the next phase for which appropriation authority is requested.

C.1. The capital projects oversight program shall develop a risk scoring instrument for assessing whether an eligible capital project is a high-risk project. The instrument shall be submitted to the joint advisory group for its approval.

2. The risk scoring instrument shall be used by the implementing agency to generate a risk score for

all projects that are required to be scored under subsection B.1. of this section.

3. The risk scoring instrument shall use information such as complexity of regulatory requirements, interdependencies with other projects and programs, schedule constraints, implementing agency resources, project delivery method, complexity of property acquisition issues, public impact, risks inherent to the likely construction technology, or any other issues that could have a significant impact on the ability of the project to meet baseline scope, schedule or budget.

4. The implementing agency director shall ensure that the risk scoring has been completed by qualified staff who does not report to the project manager, to anyone who reports to the project manager, or to anyone to whom the project manager directly reports.

5. By March 1, the executive shall electronically transmit all risk score results for eligible capital projects that require a risk score that year to the clerk of the council, who will retain an electronic copy and distribute electronic copies to the manager of the capital projects oversight program and the co-chairs of the joint advisory group or their designees, except that scoring results for eligible capital projects that received appropriations in 2010 shall be transmitted to the clerk of the council by July 31, 2010.

6. By the end of the first quarter of each year, or by the end of the third quarter in the year in which this ordinance is enacted, the joint advisory group, in consultation with the capital projects oversight program and using the risk scores for guidance, shall determine which projects for which it has received risk scores are high-risk projects. The joint advisory group may change the risk status of any of those projects when the joint advisory group receives an updated risk score.

7. The capital projects oversight program may recommend to the joint advisory group changes to the risk scoring instrument, but a new risk scoring instrument may be used only if the joint advisory group approves the instrument and provides an effective date for agency use of the instrument.

8. The joint advisory group shall file an electronic list of all eligible capital projects for which it has changed the high-risk status designation, including risk score and change in high-risk status, with the clerk of

the council who will retain an electronic copy and distribute electronic copies to the chair of the budget and fiscal management committee or its successor and the manager of the capital projects oversight program.

9. Each agency or department that has at least one eligible capital project with a total project cost estimate of over ten million dollars should have at least one project designated as a high-risk project by the joint advisory group.

10. The executive may designate any eligible capital project as a high-risk project by letter or the council may designate any eligible capital project as a high-risk project by motion. Thirteen copies of the letter or motion shall be filed with the clerk of the council for distribution to all councilmembers, the co-chairs of the joint advisory group or their designees and the manager of the capital projects oversight program.

D. For purposes of identifying when an eligible capital project has entered a particular phase and when subsections F. through H. of this section apply, phases include preliminary design, design, construction and close-out, and the following characteristics shall be used as a guide:

1. The preliminary design phase is when evaluation and analysis of potential project alternatives occurs. Based on analysis, the preferred alternative is selected and designed sufficiently to establish a project baseline, at thirty to forty percent design. Activities requiring long lead times, such as land acquisition or permitting may be initiated during this phase. Some planning activities may occur prior to the preliminary design phase;

2. The design phase is the time during which design is completed, permits and other permissions are secured, and necessary land, rights-of-way, and easements are acquired so that the project (or staged elements of the project consistent with the project management plan) can proceed to construction. The design phase also includes development of a cost estimate, plans, specifications and a bid package. It is expected that the range of uncertainty associated with project cost estimates decreases as the design progresses. Activities to procure materials and equipment that require long lead times may be initiated during this phase. For projects with alternative delivery methods, such as general contractor-construction manager projects, the design phase may

include some construction activities that occur before completion of project plans and specifications;

3. The construction phase is the time during which the project is constructed or implemented. This also includes the testing, inspection, adjustment, correction and certification of facilities and systems to ensure that the project performs as specified. The construction phase ends with final acceptance of the project; and

4. Close-out follows final acceptance and consists of administrative processes and associated accounting activities to close out all contracts. It may include multi-year monitoring. It should comprise no more than three percent of the total project cost.

E.1. When submitting a capital budget appropriation ordinance or an additional or amended capital budget appropriation ordinance to the council that includes an appropriation for a high-risk project, the executive shall submit supporting data as identified in subsections F. through H. of this section. For any item required by subsections F. through H. of this section that the executive does not provide with the appropriation request, the executive shall provide a detailed explanation of why it cannot be provided and, if the item is to be provided later, identify the date by which the item will be provided.

2. For some eligible capital projects, one or more phases may run concurrently, such as projects requiring staged construction due to site constraints or operational needs, or performed under a declaration of emergency. Some nonconstruction eligible capital projects, such as land acquisition, may not utilize all of the capital project phases.

a. When submitting a capital budget appropriation ordinance or an additional or amended capital budget appropriation ordinance to the council where the appropriation request encompasses work performed in more than one phase of a high-risk project, not including the close-out phase, the executive shall submit as supporting data an explanation of the cost and schedule factors necessitating appropriation for more than one phase. The executive shall also submit as supporting data a schedule for reporting those supporting items required by subsections F. through H. to the council. The schedule and items to be reported shall match milestones identified in the project management plan. The reports shall be filed with the clerk of the council



for distribution to the chair of the budget and fiscal management committee or its successor.

b. The council should consider placing expenditure restrictions upon the appropriation that release funds contingent upon appropriate further action.

F. When submitting a capital budget appropriation ordinance or an additional or amended capital budget appropriation ordinance to the council that encompasses work performed in the preliminary design phase of a high-risk project, the appropriation request may include up to ten percent of the funding for the design phase. The executive shall, in addition to the requirements of section 4 of this ordinance, provide the following supporting data:

1. Identify design criteria;
2. Provide an estimate of preliminary design costs, start and end dates for the preliminary design phase, and a rough order of magnitude cost estimate, which may be expressed as a range, for design and construction phases;
3. Provide a planned schedule that shows the anticipated start and finish dates for each major task for the preliminary design phase, and for the design and construction phases, provide the anticipated start and finish dates for major work through completion;
4. Identify stakeholders;
5. Identify regulatory requirements and highlight any regulatory requirements that increase project risk; and

G. When submitting a capital budget appropriation ordinance or an additional or amended capital budget appropriation ordinance to the council that encompasses work performed in the design phase of a high-risk project, the executive shall, in addition to the requirements of section 4 of this ordinance, provide the following supporting data:

1. Describe the alternatives considered, including a summary of life-cycle cost analysis performed for feasible alternatives progressing to further design, and identify the recommended alternative or alternatives

with detailed scope description;

2. Provide a summary of the results of a formal schedule and cost risk assessment conducted by an external consultant or staff who does not report to the project manager, to any person who reports to the project manager, or to anyone to whom the project manager directly reports;

3. Provide the project baseline, if set by the time of the appropriation request;

4. Certify that the implementing agency completed a cost estimate validation process to provide an independent evaluation of the project's cost estimates using an external consultant or staff who does not report to the project manager, to any person who reports to the project manager, or to anyone to whom the project manager directly reports;

5. Certify that significant progress has been made in environmental review and public outreach, identify steps remaining in the environmental review process, and summarize major issues;

6. Identify permits, acquisitions, and relocations, address mitigations, and highlight any of these that increase project risk to scope, schedule or budget;

7. Certify that application for external funding has begun, if applicable; and

8. For projects with alternative delivery methods that contemplate a need for early construction costs, provide an explanation of the need.

H.1. When submitting a capital budget appropriation ordinance or an additional or amended capital budget appropriation ordinance to the council that encompasses work performed in the construction phase of a high-risk project, the executive shall, in addition to the requirements of section 4 of this ordinance, provide the following supporting data:

a. certify that plans, specifications, estimates and contract documents reflect a level of design completion that is sufficient to support a final cost estimate and schedule for proceeding to procurement and specify the ready date for proceeding with the selected procurement method for the project;

b. certify that all required nonconstruction permits are in place in accordance with the project

management plan or provide status of pending approvals and the expected date of receipt;

c. certify that all land acquisition, lease documents, and partnership agreements are in place in accordance with the project management plan or provide status of pending actions and expected date of receipt; and

d. certify that the implementing agency completed a cost estimate validation process to provide an independent evaluation of the project's cost estimates using an external consultant or staff who does not report to the project manager, to any person who reports to the project manager, or to anyone to whom the project manager directly reports.

2. The executive shall provide quarterly reports during the construction phase of a high-risk project. The quarterly report shall address performance relative to project baseline, highlight any significant variance from project baseline, summarize the top risks in the risk register, summarize change orders, explain change orders that have the cumulative potential to carry the project over project baseline and summarize the results of the latest earned value analysis. Five copies of each report shall be filed with the clerk of the council, who shall retain a copy and distribute copies to the chair of the budget and fiscal management committee or its successor, the co-chairs of the joint advisory group or their designees and the manager of the capital projects oversight program.

I.1. The implementing agency shall establish and maintain a risk register for each high-risk project. The risk register shall be developed consistent with industry standards.

2. The implementing agency shall update the risk register at least quarterly, or more frequently should significant changes or additions be identified by the implementing agency.

J.1. The implementing agency shall employ earned value management on high-risk projects to forecast unfavorable variations in final project cost or completion date, based on progress to date.

2. Agencies shall apply earned value management tools and methods to the design and construction phases. The earned value management tools and methods, and the format and level of detail reported, shall be

appropriate for the phase of the project and the associated level of certainty regarding cost and schedule estimates. Tools for earned value management may include forecasting estimate at completion for design phase and use of earned value analysis for the construction phase.

3. The analysis shall be updated at least monthly.

NEW SECTION. SECTION 3. There is hereby added to K.C.C. chapter 4.04 a new section to read as follows:

A. For purposes of this section, "lease-based project" is as defined in section 2 of this ordinance. The phases of a lease-based project are the planning, predevelopment and lease phases.

1. The planning phase is the time during which the county develops the scope of work including an estimate of project size, construction cost, and tenant improvements. The procurement process for the developer is completed in this phase.

2. The predevelopment phase is the time during which the county in conjunction with the developer identifies and analyzes potential alternatives, selects the preferred alternative and evaluates the technical and economic feasibility of the project. The preferred alternative is engineered to approximately thirty percent design. The draft lease agreement is agreed to in principle by the developer and the executive at the completion of the predevelopment phase.

3. The lease phase is when the executive requests council approval to enter into a lease agreement for the project.

B. When submitting a capital budget appropriation ordinance or an additional or amended capital budget appropriation ordinance to the council that encompasses work to be performed in the planning phase of a lease-based project, the executive shall provide as supporting data a cost estimate that details the anticipated cost for each major task required to complete the predevelopment phase.

C. When submitting a capital budget appropriation ordinance or an additional or amended capital budget appropriation ordinance to the council that encompasses work to be performed in the predevelopment

phase of a lease-based project, the executive shall provide as supporting data an estimate of project size, construction cost and tenant improvements, and a description of performance requirements and space needs.

D. When submitting an ordinance requesting council approval to enter into a lease agreement for a lease-based project, the executive shall provide supporting data as follows:

1. Identify design criteria;
2. Provide a financial analysis of the project;
3. Provide the draft lease agreement agreed to by the executive and developer;
4. Provide the development team's pro forma cost plan for the design and construction of the project;
5. Provide a description and an analysis of the feasible alternatives considered, and identify the recommended alternative;
6. Provide planned schedule that shows the anticipated start and finish dates for each major task, consistent with the development team's pro forma cost plan;
7. Identify stakeholders;
8. Identify regulatory requirements;
9. Report variance of predevelopment phase major task performance from the schedule and cost estimate provided for the predevelopment phase.

E. For any item required by subsections B. through D. of this section that the executive does not provide with the appropriation request, the executive shall provide a detailed explanation of why it cannot be provided and, if the item is to be provided later, identify the date by which the item will be provided.

NEW SECTION. SECTION 4. There is hereby added to K.C.C. chapter 4.04 a new section to read as follows:

A. When submitting a capital budget appropriation ordinance or an additional or amended capital budget appropriation ordinance to the council, the executive shall include the following supporting data using a standard format, in the form of an electronic database when possible:

1. Project number, project title, program, division, department, council district, fund number and fund name;
2. A brief description of the project and the project's purpose, including importance with respect to the implementing agency's priorities and goals, and consequences of deferral or disapproval;
3. Current phase of project, phase status and whether the project has been designated as a high-risk project by the joint advisory group;
4. Project baseline, if established, and explanation of any significant variance from it;
5. An explanation of alternatives considered;
6. Appropriation and expenditure amounts to date;
7. Current-year appropriation requested amount;
8. Estimated cost through project closeout, which may be expressed as a range if baseline is not established;
9. Explanation of how contingency amounts were determined or reference to applicable county policy;
10. Explanation of how inflation is incorporated or reference to applicable county policy;
11. Identification of funding sources, funding status, and funding risks; and
12. Description of key project risks, including summary of top risks in the risk register if applicable.

B.1. Capital project cost estimates shall be prepared in accordance with applicable industry standards, requirements of external funding sources and county policies, including but not limited to standards regarding estimate accuracies, methodology for determining contingency included for uncertainty, and the cost index used to define the value of money.

2. The level of detail incorporated within each estimate shall be commensurate with the information available at each phase, and shall be consistent with the Association for the Advancement of Cost Engineering International cost estimate classification system. The estimates for all succeeding phases shall be updated to represent the latest project information.

NEW SECTION. SECTION 5. There is hereby added to K.C.C. chapter 4.04 a new section to read as follows:

The King County auditor's office, in consultation with the joint advisory group, shall conduct a review of sections 2 and 3 of this ordinance and make a report to the council by April 15, 2012. The review shall evaluate the scoring tool used in identifying high risk projects and the extent to which the reporting requirements for high-risk projects are providing beneficial information to the council, executive and capital projects oversight program. The report required to be submitted by this subsection must be filed in the form of a paper original and an electronic copy with the clerk of the council, who shall retain the original and provide an electronic copy to all councilmembers. SECTION 6. Ordinance 12076, Section 2, as amended, and K.C.C. 4.04.020 are each hereby amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

A. "Acquisition of right of way" or "land acquisition" means funds budgeted for the purchase of property rights, excluding county force charges of the facilities management division.

B. "Adopted" means approval by council motion or ordinance.

C. "Agency" means a county office, officer, institution whether educational, correctional or other, department, division, board commission, except as otherwise provided in this chapter.

D. "Allocation" means a part of a lump sum appropriation that is designated for expenditure by either a specific organization unit or for specific purposes, or both.

E. "Allotment" means a part of an appropriation that may be encumbered or expended during an allotment period.

F. "Allotment period" means a period of less than a fiscal year in length during which an allotment is effective.

G. "Allotment plan" means a fiscal management plan that divides a county agency's program element

budget into quarterly increments, reflecting the cyclical or seasonal pattern of expenditures, for the purpose of identifying over and under expenditures throughout the year.

H. "Appropriations" means an authorization granted by the council to make expenditures and to incur obligations for specific purposes.

I. "Appropriation ordinance" means the ordinance that establishes the legal level of appropriation for a fiscal year.

J. "Art" means funds budgeted for the one percent for art program under K.C.C. chapter 4.40 or as otherwise provided by ordinance for a public art program.

K. "Budget" means a proposed plan of expenditures for a given period or purpose and the proposed means for financing these expenditures.

L. "Budget detail plan" means the council's proposed spending plan for the operational budgets of all agencies detailed at the section level and attached to the adopted appropriation ordinance or as modified by the most-recent supplemental appropriation ordinance.

M. "Budget document" means a formal, written, comprehensive financial program presented by the executive to the council, including an electronic database with revenues and expenditures for all county agencies at the lowest organization levels and all summary levels provided in the general ledger system, balanced to the financial plans and the appropriation ordinance, fee ordinances, motions related to proposed levy rates to comply with chapter 36.40 RCW and cost-of-living adjustment ordinance proposed by the executive.

N. "Budget message" means a formal oral presentation by the executive to the council that explains the budget in terms of goals to be accomplished and how the budget relates to the Comprehensive Plan.

O. "Capital improvement plan" means a plan that establishes the capital improvements required to implement an approved operational master plan. This plan should extend over a minimum period of six years to define long-range capital improvement requirements and the annual capital improvements budget for a user



agency.

1. The capital improvement plan shall include the following elements, where applicable:

- a. general program requirements that define the development scope for specific sites or facilities;
- b. general space and construction standards;
- c. prototype floor plans and prototype facility designs for standard improvements;
- d. space requirements based on the adopted county space plan;
- e. initial, and life-cycle cost, of alternative facilities and locations including lease and lease/purchase

approaches;

- f. approximate location of planned capital improvements;
- g. general scope and estimated cost of infrastructure;
- h. a schedule, that extends over a minimum of six years, for the implementation of projects included

in capital improvement plans, based on overall user agency priorities and projected available revenue;

2. The user agency shall prepare the elements of the plan in subsection L.1. a, d, f and h of this section. The implementing agency shall prepare the elements of this plan in subsection L.1. b, c, e and g of this section.

3. The six-year budget schedule included in the capital improvement plan shall be updated annually in conjunction with the capital budget adoption process.

P. "Capital project" means a project with a scope that includes one or more of the following elements, all related to a capital asset: acquisition of either a site or existing structure, or both; program or site master planning; design and environmental analysis; construction; major equipment acquisition; reconstruction; demolition; or major alteration. "Capital project" includes a: project program plan; scope; budget by task; and schedule. The project budget, conceptual design, detailed design, environmental studies and construction elements of a project shall be prepared or managed by the implementing agency.

Q. "CIP" means capital improvement program.

R. "CIP exceptions notification" means, except for major maintenance reserve fund, roads, solid waste, surface water management and wastewater CIP projects, a letter filed with the clerk of the council for distribution to the chair of the budget and fiscal management committee, or its successor committee, which describes changes to an adopted CIP project's scope or schedule, or both, or total project cost and, with the exception of schedule changes, shall be sent in advance of any action. For major maintenance reserve fund CIP projects, "exceptions notification" means a letter filed with the clerk of the council for distribution to the chair of the budget and fiscal management committee, or its successor committee, that describes changes of fifteen percent or more to an adopted CIP project's scope or schedule, or both, or total project costs and, with the exception of schedule changes, shall be sent in advance of any action. For road CIP projects, "exceptions notification" means a letter filed with the clerk of the council for distribution to the chair of the transportation committee, or its successor committee, that describes changes of fifteen percent or more to an adopted CIP project's scope or schedule, or both, or total project costs and, with the exception of schedule changes, shall be sent in advance of any action. For wastewater, solid waste and surface water management CIP projects, "exceptions notification" means a letter filed with the clerk of the council for distribution to the chair of the budget and fiscal management committee, or its successor committee, and to the chair of the utilities committee, or its successor committee, which describes changes of fifteen percent or more to an adopted CIP project's scope or schedule, or both, or total project costs and, with the exception of schedule changes, shall be sent in advance of any action.

S. "Construction" means funds budgeted for CIP project construction including contract construction, contract inspection and testing and, as appropriate, construction tasks performed by county forces.

T. "Contingency" means funds budgeted for unanticipated CIP project costs associated with any other project activities.

U. "Contracted design" or "preliminary engineering" means funds budgeted for activities of a contract nature associated with all CIP project phases through bid advertising. Included are contracts for feasibility

studies, planning, studies, preliminary design, construction drawings, bid specifications and on-site inspections.

V. "Cost elements" means CIP budgeting activities related to construction, contracted design, preliminary engineering, acquisition of right of way, equipment and furnishings, contingency, artistic furnishings, county force design, county force right of way, project administration or other activities as provided by the council.

W. "Council" means the metropolitan King County council.

X. "County force design" means funds budgeted for CIP project design or design review by county personnel.

Y. "County force right of way" means funds budgeted for real property costs associated with CIP land acquisition.

Z. "Deficit" means the excess of expenditures over revenues during an accounting period, or an accumulation of such excesses over a period of years.

AA. "Director" means the director of the office of management and budget.

BB. "Equipment and furnishings" means all costs for the purchase of equipment and furnishings associated with CIP project construction.

CC. "Executive" means the King County executive, as defined by Article 3 of the King County Charter.

DD. "Expenditures" means, where the accounts are kept on the accrual basis or the modified accrual basis, the cost of goods delivered or services rendered, whether paid or unpaid, including expenses, provisions for debt retirement not reported as a liability of the fund from which retired, and capital outlays. Where the accounts are kept on the cash basis, "expenditures" means actual cash disbursements for these purposes.

EE. "Financial plan" means a summary by fund of planned revenues and expenditures, reserves and undesignated fund balance.

FF. "Fiscal period" means a calendar year or a biennium.

GG. "Fund" an independent fiscal and accounting entity with a self-balancing set of accounts recording

either cash or other resources, or both, together with related liabilities, obligations, reserves and equities that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

HH. "Fund balance" means the excess of the assets of a fund over its liabilities and reserves except in the case of funds subject to budgetary accounting where, before the end of a fiscal period, it represents the excess of the fund assets and estimated revenues for the period over its liabilities, reserves and appropriations for the fiscal period.

II. "General facility major maintenance emergent need contingency project" means an appropriation to provide contingent budget authority for emergent needs within major maintenance reserve fund CIP projects.

JJ. "Implementing agency" means the appropriate department and division responsible for the administration of CIP projects.

KK. "Lapse" of an appropriation means an automatic termination of an appropriation.

LL. "Major maintenance reserve fund CIP project" means any major maintenance reserve fund CIP project that is allocated in the adopted six-year major maintenance reserve fund CIP and is appropriated at the major maintenance reserve fund level in accordance with K.C.C. 4.04.265 or is a high-risk project under section 2 of this ordinance.

MM. "Major widening project" means any roads CIP project adding at least one through lane in each direction.

NN. "Object of expenditure" means a grouping of expenditures on the basis of goods and services purchased, such as salary and wages.

OO. "Open space non-bond fund project" means an open space project that is allocated in the adopted six-year open space CIP and is appropriated at the open space non-bond fund number 3522 level in accordance with K.C.C. 4.04.300.

PP. "Operational master plan" means a comprehensive plan for an agency setting forth how the

organization will operate now and in the future. An operational master plan shall include the analysis of alternatives and their life cycle costs to accomplish defined goals and objectives, performance measures, projected workload, needed resources, implementation schedules and general cost estimates. The operational master plan shall also address how the organization would respond in the future to changed conditions.

QQ. "Program" means the definition of resources and efforts committed to satisfying a public need. The extent to which the public need is satisfied is measured by the effectiveness of the process in fulfilling the needs as expressed in explicit objectives.

RR. "Project administration" means funds budgeted for all county costs associated with administering design and construction contracts on CIP projects.

SS. "Project program plan" means a plan, primarily in written narrative form, that describes the overall development concept and scope of work for a building, group of buildings or other facilities at a particular site. The complexity of the project program plan will vary based upon the size and difficulty of the program for a particular site. When the plan includes projects that are phased over time, each phase shall have an updated project program plan prepared by the user agency before project implementation. The project program plan shall be prepared by the user agency with assistance from the implementing agency. The program plan describes the user agency program requirements for a specific building or site; provides the basis for these requirements; and identifies when funds for the implementation of the capital projects will be provided. The program plan shall elaborate on the general program information provided in the operational master plan and the capital improvement plan. The plan shall also describe user agency programs, how these programs would fit and function on the site, and the general recommendation of the user agency regarding the appearance of the building or site. The plan shall indicate when a site master plan is required for a project.

TT. "Public need" means those public services found to be required to maintain the health, safety and well-being of the general citizenry.

UU. "Quarterly management and budget report" means a report prepared quarterly by the director for

major operating and capital funds, that:

1. Presents executive revisions to the adopted financial plan or plans;
2. Identifies significant deviations in agency workload from approved levels;
3. Identifies potential future supplemental appropriations with a brief discussion of the rationale for each potential supplemental;
4. Identifies significant variances in revenue estimates;
5. Reports information for each appropriation unit on the number of filled and vacant full-time equivalent and term-limited temporary positions and the number of temporary employees;
6. Includes the budget allotment plan information required under K.C.C. 4.04.060; and
7. Describes progress towards transitioning potential annexation areas to cities.

VV. "Reappropriation" means authorization granted by the council to expend the appropriation for the previous fiscal year for capital programs only.

WW. "Regulations" means the policies, standards and requirements, stated in writing, designed to carry out the purposes of this chapter, as issued by the executive and having the force and effect of law.

XX. "Revenue" means the addition to assets that does not increase any liability, does not represent the recovery of an expenditure, does not represent the cancellation of certain liabilities on a decrease in assets and does not represent a contribution to fund capital in enterprise and intragovernmental service funds.

YY. "Roads CIP project" means roads capital projects that are allocated in the adopted six-year roads CIP and are appropriated at the roads CIP fund level in accordance with K.C.C. 4.04.270 or is a high-risk project under section 2 of this ordinance.

ZZ. "Scope change" means, except for major maintenance reserve fund, roads, solid waste, surface water management and wastewater CIP projects, that a CIP project's total project cost increases by ten percent or by fifty thousand dollars, whichever is less. For major maintenance reserve fund, roads, solid waste, surface water management or wastewater CIP projects, "scope change" means the total project cost increases by fifteen

percent.

AAA. "Section" means an agency's budget unit comprised of a particular project, program or line of business as described in Ordinance 16445, Section 5, for the 2010 budget or for all subsequent budgets as described in the budget detail plan for the previous fiscal period as attached to the adopted appropriation ordinance or as modified by the most-recent supplemental appropriation ordinance. This definition is not intended to create an organizational structure for any agency.

BBB. "Site master plan" means a plan prepared by the implementing agency, with input from the user agency, that describes, illustrates and defines the capital improvements required to provide user agency program elements.

1. The site master plan shall include preliminary information regarding, at a minimum:

- a. site analysis, including environmental constraints;
- b. layout, illustration and description of all capital improvements;
- c. project scopes and budgets;
- d. project phasing; and
- e. operating and maintenance requirements.

2. The site master plan shall be approved by the user agency and the implementing agency before submittal to the executive and council for approval.

CCC. "Solid waste CIP project" means a solid waste project that is allocated in the adopted six-year solid waste CIP and is appropriated at the solid waste CIP fund level in accordance with K.C.C. 4.04.273 or is a high-risk project under section 2 of this ordinance.

DDD. "Surface water management CIP project" means a surface water management project that is allocated in the adopted six-year surface water management CIP and is appropriated at the surface water management CIP fund level in accordance with K.C.C. 4.04.275 or is a high-risk project under section 2 of this ordinance.

EEE. "User agency" means the appropriate department, division, office or section to be served by any proposed CIP project.

FFF. "Wastewater asset management projects" means the wastewater capital projects identified and intended by the wastewater treatment division to extend and optimize the useful life of wastewater treatment assets, including facilities, structures, pipelines and equipment.

GGG. "Wastewater CIP project" means wastewater capital projects that are allocated in the adopted six-year wastewater CIP and are appropriated at the wastewater CIP fund level in accordance with K.C.C. 4.04.280 or is a high-risk project under section 2 of this ordinance.

SECTION 7. 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. For each fund, the expenditures included in the budget for the ensuing fiscal year shall not exceed the estimated revenues as forecast under K.C.C. 2.140.070, including reserves.

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. operational budget details for all agencies at the section level unless noted by the executive and accompanied with an explanation of the change;
- g. such additional information dealing with revenues as the executive and council shall deem



pertinent and useful;

h. tabulation of expenditures in a comparable form by fund, program project or object of expenditure for the ensuing fiscal year;

i. actual expenditures for the first six months, January 1 through June 30, of the current year;

j. actual expenditures for the last completed fiscal year;

k. the appropriation for the current year; and

l. 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) Except for high-risk projects under section 2 of this ordinance, ~~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) Except for high-risk projects under section 2 of this ordinance, ~~((F))~~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) Except for high-risk projects under section 2 of this ordinance, ~~((F))~~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) Except for high-risk projects under section 2 of this ordinance, ~~((F))~~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) Except for high-risk projects under section 2 of this ordinance, ~~((F))~~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.

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. 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. High-risk projects under section 2 of this ordinance shall be funded as provided in section 2 of this ordinance.

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. High-risk projects under section 2 of this ordinance shall be funded as provided in section 2 of this ordinance.

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. High-risk projects under section 2 of this ordinance shall be funded as provided in section 2 of this ordinance.

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. High-risk projects under section 2 of this ordinance shall be funded as provided in section 2 of this ordinance.

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 budget request. High-risk projects under section 2 of this ordinance shall be funded as provided in section 2 of this ordinance.

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.

SECTION 8. Ordinance 14743, Section 6, and K.C.C. 4.04.265 are each hereby amended to read as follows:

A. This section establishes procedures required for flexible response budgeting provisions applicable to the major maintenance reserve fund beginning in 2003 but shall not apply to high-risk projects under section 2 of this ordinance. Except as specifically provided in this section, budgeting for the major maintenance reserve fund shall be in accordance with other applicable county law.

B. To allow reprogramming flexibility needed to respond in a timely manner to events beyond the control of the facilities management division that result in temporary postponement or acceleration of major maintenance reserve fund CIP projects allocated in the current budget year, and notwithstanding any other provision of county law, current-year budget authorization for the major maintenance reserve fund CIP shall be

appropriated at the total CIP fund level rather than CIP project level. Major maintenance reserve fund CIP project budget allocation reallocations may take place during the budget year among the projects specifically adopted in the current six-year major maintenance reserve fund CIP together with carryover projects from previously adopted plans in accordance with the procedures in this section without the need of amendatory appropriations ordinances.

C.1. Implementation of the major maintenance reserve fund CIP shall be in accordance with the project funding priorities and project funding levels identified in the annual major maintenance reserve fund six-year CIP as adopted by the council. On or before May 15 of each year, the facilities management division shall prepare and file in the office of the clerk of the council a major maintenance reserve fund CIP reallocation report. All planned expenditures shall be consistent with the financial model, financial plan and program plan. The report shall provide the following information concerning all existing and previously approved uncompleted major maintenance reserve fund CIP projects:

- a. each project's name and number;
- b. project location;
- c. current status of the project;
- d. the year the project first received appropriation authority;
- e. the initial estimate of the project's duration in years, or expected completion date;
- f. the original estimate of the project's total cost;
- g. any revisions to the original estimate of the project's total cost;
- h. total budget, expenditures and encumbrances spanning the project's existence;
- i. for each fiscal year of existence, the appropriation amount, the beginning balance, the summary totals of expenditures and encumbrances and the carryover at the year's end;
- j. identification of any expenditures under the general facility major maintenance emergent need contingency project;



k. an explanation of scope changes or significant changes to schedule or budget since the last budget approval;

l. a reallocated major maintenance reserve fund six-year CIP, including a revised program plan, all changes to projects, estimated costs, schedules, and scopes of work to be pursued for the current year, and programmed in the remaining years of the six-year program;

m. a justification for each project postponement or acceleration;

n. identification of which projects will be ready for implementation in the current budget year within the constraints of the total current year fund appropriation; and

o. a revised financial model showing the impacts or adjustments resulting from the proposed allocations.

2. If current project in the adopted program needs to be postponed or accelerated, the report shall identify one or more projects of comparable budget allocation value in the current six-year major maintenance reserve fund CIP for acceleration or postponement in its place. If the budget allocation for a postponed or accelerated project exceeds the budget allocation of the project or projects proposed to be accelerated or postponed in its place, the difference shall be allocated to the general facility major maintenance emergent need contingency project appropriation. A postponed project shall be reallocated to the next possible year in the six-year program in which it could be accomplished. Succeeding projects shall be adjusted as necessary in the major maintenance reserve fund six-year CIP and financial plan. If a suitable CIP project does not exist to receive the reallocated funds, the funds shall remain allocated to the original CIP project.

D.1. The reallocation report shall be filed with the clerk of the council for distribution to the chair of the budget and fiscal management committee, or its successor committee, to each councilmember and to the lead staff for the budget and fiscal management committee, or its successor committee.

2. A councilmember who objects to a project reallocation proposed in the reallocation report shall notify the chair of the budget and fiscal management committee, or its successor committee, within fourteen

days of the filing of the report. The chair shall consult with the councilmember and consider the objection and shall, within thirty days of the filing of the report, notify the executive in writing of project reallocations that may proceed and shall also notify the executive in writing of project reallocations that may not proceed. The chair of the budget and fiscal management committee, or its successor committee, shall file with the clerk of the council a copy of the written notice and send a copy of the notice to any councilmember who raised an objection. The reallocation report takes effect upon receipt by the executive of the written notice. However, if the written notice is not provided by the chair of the budget and fiscal management committee, or its successor committee within thirty days of the filing of the reallocation report, the report takes effect on the thirty-first day following the filing of the reallocation report.

E. If sufficient moneys are available, any scope change proposed for allocation in the current year that is not included in the current major maintenance reserve fund six-year CIP shall be funded from the general facility major maintenance emergent need contingency project. If moneys are not available, any scope change proposed for allocation in the current year may only be added to the major maintenance reserve fund CIP after going through the normal appropriation process.

F. A general facility major maintenance emergent need contingency project shall be allocated in the current year fund appropriation to provide contingent budget authority to be used in accordance with in this chapter. The general facility major maintenance emergent need contingency project amount shall be no more than five percent of the current-year major maintenance reserve fund CIP budget or five hundred thousand dollars, whichever is less.

SECTION 9. Ordinance 13035, Section 5, as amended, and K.C.C. 4.04.270 are each hereby amended to read as follows:

A. This section establishes procedures required for flexible response budgeting provisions applicable to the roads capital Improvement program (CIP) beginning in 1998 but shall not apply to high-risk projects under section 2 of this ordinance. Except as specifically provided herein, budgeting for the roads CIP shall be in

accordance with existing county law.

B. In order to allow reprogramming flexibility needed to respond in a timely manner to events beyond the control of the road services division that result in temporary postponement of roads CIP projects allocated in the current budget year, and notwithstanding any other provision of county law, current year budget authorization for the roads CIP shall be appropriated at the total CIP fund level rather than CIP project level. Roads CIP project budget allocation substitutions may take place during the budget year among the projects specifically adopted in the current six-year roads capital improvement program together with carryover projects from previously adopted plans pursuant to the procedures set forth herein without the need for the enactment of amendatory appropriations ordinances.

C. Implementation of the roads CIP shall be in accordance with the project funding priorities and project funding levels identified in the annual roads six-year CIP as adopted by the county council. Prior to May 1 of each year, the road services division shall prepare and submit to the council a roads CIP reallocation report which shall include a review of the status of all projects contained in the current adopted six-year roads CIP together with those projects carried forward from previous adopted six-year roads CIPs, and shall identify which projects will be ready for implementation in the current budget year within the constraints of the total current year fund appropriation. In the case of any current year project in the adopted program that is not ready for implementation for reasons beyond the control of the road services division, the report shall identify for substitution one or more projects of comparable budget allocation value from within the current adopted six-year roads CIP. If the budget allocation for any project to be postponed exceeds the budget allocation of the proposed substituted project or projects, the difference shall be allocated to the cost model contingency roads CIP project. Conversely, if the budget allocation for any proposed substitute project exceeds the budget allocation for the postponed project or projects, such difference shall be allocated from the cost model contingency roads CIP project. Any project that is identified for postponement shall be reallocated to the year in the six-year program from which the project that is identified for substitution was originally programmed. If

no suitable CIP project exists to receive the reallocated funds, the funds shall remain allocated to the original CIP project. The reallocation report shall include a reallocated roads six-year CIP including all changes to projects, estimated costs, schedules, and scopes of work to be pursued for the current year, and programmed in the remaining years of the six-year program. A justification for each project postponement and substitution shall be included in the report. The report shall also include an accounting summary of the current project status and the amount of unexpended project budget balance by expenditure option and revenue account for each project in the current year of the program.

D. The reallocation report shall be accompanied by a letter of transmittal to the chair of the transportation committee or designee, or its successor committee, with copies to each councilmember, and the lead staff for the transportation committee. Any councilmember who objects to specific project deferrals or advancements proposed in the reallocation report shall notify the chair of the transportation committee, or its successor committee, within fourteen days of receipt by the chair of the reallocation report. The councilmember must specify the project deferrals or advancements to which the member objects. Within thirty days of receipt of the reallocation report by the chair of the transportation committee, or its successor committee, the chair shall consider the objections raised and notify the executive in writing which project reallocations may go forward. The reallocation report takes effect upon receipt by the executive of the chair's written notice. If a written notice is not provided by the chair, the reallocation report takes effect on the thirty-first day following receipt of the reallocation report by the chair.

E. The department of transportation shall provide to the council a written summary of the preliminary status of road capital expenditures and construction projects by March 1 of each year. Such a status report shall include a list of projects anticipated to be included in the reallocation report and any other project complications or progress highlights deemed significant by the department. The status report shall be presented to the council transportation committee by the department of transportation at the request of the chair.

F. A roads CIP grant contingency project shall be allocated in the current year fund appropriation to

provide contingent budget authority associated with potential grant sources that may be programmed if a grant eligible project is substituted into the current year of the program. All unallocated contingent grant supported appropriation will be disappropriated at year end.

G. Any new project proposed for allocation in the current year that is not included in the current or previously adopted roads six-year CIP, or any newly proposed project cost or project scope to be added to a project adopted as part of the roads six-year CIP that cannot be accommodated by transfers of contingency funds, shall be added to the roads CIP through the normal appropriation process. Transfers of contingency funds that are required after the roads CIP reprogramming report is transmitted to the council will be reported to the chair of the transportation committee. Transfers from contingency funds in excess of fifteen percent of the total project cost shall be contingent upon written approval by the chair of the transportation committee.

SECTION 10. Ordinance 14811, Section 6, and K.C.C. 4.04.273 are each hereby amended to read as follows:

A. This section establishes procedures required for flexible response budgeting provisions applicable to the solid waste CIP beginning in 2004 but shall not apply to high-risk projects under section 2 of this ordinance. Except as specifically provided in this section, budgeting for the solid waste CIP shall be performed in accordance with other applicable county law.

B. To allow reprogramming flexibility needed to respond in a timely manner to events beyond the control of the solid waste division that result in temporary postponement or acceleration of solid waste CIP projects allocated in the current budget year, and notwithstanding any other provision of county law, current-year budget authorization for the solid waste CIP shall be appropriated at the total CIP fund level rather than CIP project level. Solid waste CIP project budget allocation reallocations may take place during the budget year among the projects specifically adopted in the current six-year solid waste CIP together with carryover projects from previously adopted plans in accordance with the procedures in this section without the need for the enactment of amendatory appropriations ordinances.

C.1. Implementation of the solid waste CIP shall be in accordance with the project funding priorities and project funding levels identified in the annual solid waste six-year CIP as adopted by the council. On or before May15 of each year, the solid waste division shall prepare and file with the office of the clerk of the council a solid waste CIP reallocation report. The report shall provide a status report on implementation of all solid waste CIP projects contained in the current adopted six-year solid waste CIP together with those projects carried forward from previously adopted six-year solid waste CIPs, and shall include:

- a. an explanation of significant changes to scope, schedule and impact on work plan and budget since last budget approval;
- b. identification of revisions to milestones and budget for the current year;
- c. a proposal for revisions to scope, budget and schedule for the next six months;
- d. a reallocated solid waste six-year CIP including a revised financial plan, all changes to projects, estimated costs, schedules and scopes of work to be pursued for the current year and programmed in the remaining years of the six-year program;
- e. a justification for each project postponement or acceleration and substitution;
- f. an accounting summary of the current project status and the amount of unexpended project budget balance by project phase and revenue for each project in the current year of the program;
- g. the original project cost estimate;
- h. the revised project cost estimate that is being used as the basis for the current year fund appropriation and six-year CIP; and
- i. identification of which projects will be ready for implementation in the current budget year within the constraints of the total current year fund appropriation.

2. For any current project in the adopted program that is not ready for implementation for reasons beyond the control of the solid waste division or if a project needs to be accelerated, the report shall identify for substitution or postponement one or more projects of comparable budget allocation value from within the

current adopted six-year solid waste CIP. If the budget allocation for any project to be postponed or accelerated exceeds the budget allocation of the proposed substituted or postponed project or projects, the difference shall be allocated to or from the solid waste CIP contingency appropriation. A postponed project shall be reallocated to the year in the six-year program from which the project that is identified for substitution was originally programmed. If a suitable CIP project does not exist to receive the reallocated funds, the funds shall remain allocated to the original CIP project.

D.1. The reallocation report shall be accompanied by a transmittal letter addressed to the chair of the budget and fiscal management committee or designee, or its successor committee, and the chair of the utilities committee, or its successor committee, and copies of the report and letter shall be filed with the office of the clerk of the council for distribution to each councilmember, to the chair of the budget and fiscal management committee or designee, or its successor committee, to the chair of the utilities committee, or its successor committee, and to the lead staff for the budget and fiscal management committee and for the utilities committee.

2. A councilmember who objects to a project reallocation proposed in the reallocation report shall notify the chair of the budget and fiscal management committee, or its successor committee, within fourteen days of the filing of the report. Within thirty days of the filing of the reallocation report, the chair of the budget and fiscal management committee, or its successor committee, shall consider the objections raised and notify the executive in writing which project reallocations may proceed and shall also notify the executive in writing of project reallocations that may not proceed. The chair of the budget and fiscal management committee, or its successor committee, shall file with the clerk of the council a copy of the written notice and send a copy of the notice to any councilmember who raised an objection. The reallocation report takes effect upon receipt by the executive of the written notice. However, if a written notice is not provided by the chair of the budget and fiscal management committee, or its successor committee, within thirty days of the filing of the reallocation report, the report takes effect on the thirty-first day following the filing of the reallocation report.

E. Any new project proposed for allocation in the current year that is not included in the current or previously adopted solid waste six-year CIP, or any newly proposed project cost or project scope to be added to a project adopted as part of the solid waste six-year CIP that cannot be accommodated by transfers of contingency funds, may be added to the solid waste CIP after going through the normal appropriation process. Transfers of contingency funds that are required after the solid waste CIP reprogramming report is transmitted to the council shall be reported by the department of natural resources by filing the report with the clerk of the council for distribution to the chair of the budget and fiscal management committee, or its successor committee, and the chair of the utilities committee, or its successor committee, with copies to lead staff for the budget and fiscal management committee and for the utilities committee. Transfers from contingency funds in excess of fifteen percent of the total project cost shall be contingent upon written approval by the chair of the budget and fiscal management committee, or its successor committee.

F. A solid waste CIP contingency project shall be allocated in the landfill reserve fund and the solid waste construction fund current year fund appropriations to provide contingent budget authority to be used according to the requirements established in this chapter. The solid waste CIP contingency project amount for each fund shall be seven and one-half percent of the current year solid waste CIP budget, but shall not exceed ten million dollars.

SECTION 11. Ordinance 14452, Section 5, and K.C.C. 4.04.275 are each hereby amended to read as follows:

A. This section establishes procedures required for flexible response budgeting provisions applicable to the water and land resources division beginning in 2003 but shall not apply to high-risk projects under section 2 of this ordinance. Except as specifically provided in this section, budgeting for the surface water management CIP fund shall be in accordance with other applicable county law.

B. To allow reprogramming flexibility needed to respond in a timely manner to events beyond the control of the water and land resources division that result in temporary postponement or acceleration of



surface water management CIP projects allocated in the current budget year, and notwithstanding any other provision of county law, current-year budget authorization for the surface water management CIP shall be appropriated at the total CIP fund level rather than CIP project level. Surface water management CIP project budget allocation substitutions may take place during the budget year among the projects specifically adopted in the current six-year surface water management CIP together with carryover projects from previously adopted plans in accordance with the procedures in this section without the need for the enactment of amendatory appropriations ordinances.

C.1. Implementation of the surface water management CIP shall be in accordance with the project funding priorities and project funding levels identified in the annual surface water management six-year CIP as adopted by the county council. Beginning in 2003, on or before May 15 of each year, the water and land resources division shall prepare and submit to the council a surface water management CIP reallocation report. The report shall provide the information in a. through e. of this subsection C.1 concerning proposed exceptions to surface water management CIP projects contained in the current adopted six-year surface water management CIP together with those projects carried forward from previous adopted six-year surface water management CIPs:

- a. identification of any new emergency projects that are proposed to receive funding allocated for emergencies;
- b. an explanation of significant changes to scope, schedule or budget since last budget approval;
- c. a reallocated surface water management six-year CIP including a revised financial plan, all changes to projects, estimated costs, schedules and scopes of work to be pursued for the current year, and programmed in the remaining years of the six-year program;
- d. a justification for each project postponement or acceleration and substitution;
- e. identification of which projects will be ready for implementation in the current budget year within the constraints of the total current year fund appropriation;

f. identification of specific projects that are recommended to proceed using advanced appropriation authority and grant contingency funds in accordance with K.C.C. 4.04.300; and

g. a map showing the locations of projects proposed for deferral or acceleration, projects proposed to be implemented using the current-year appropriation for emergency funds, and projects proposed to be funded using the grant contingency funds authorized by K.C.C. 4.04.300.

2. For any current project in the adopted program that is not ready for implementation for reasons beyond the control of the water and land resources division or if a project needs to be accelerated, the report shall identify for substitution or postponement one or more projects of comparable budget allocation value from within the current adopted six-year surface water management CIP. If the budget allocation for any project to be postponed or accelerated exceeds the budget allocation of the proposed substituted or postponed project or projects, the difference shall be allocated to or from the surface water management CIP contingency appropriation. A project that is identified for postponement shall be reallocated to the next possible year in the six-year program in which it could be accomplished, adjusting succeeding projects as necessary in the surface water management six-year CIP and financial plan submitted in accordance with this section. If a suitable CIP project does not exist to receive the reallocated funds, the funds shall remain allocated to the original CIP project.

D. The reallocation report shall be accompanied by a letter of transmittal to the chair of the budget and fiscal management committee or designee, or its successor committee, and the chair of the utilities committee, or its successor committee, and copies of the report and letter shall also be transmitted to each councilmember and the lead staff for the budget and fiscal management committee, or its successor committee, and for the utilities committee, or its successor committee. Any councilmember who objects to specific project deferrals or advancements proposed in the reallocation report shall notify the chair of the budget and fiscal management committee, or its successor committee, within fourteen days of receipt by the chair of the reallocation report. The councilmember must specify the project deferrals or advancements to which the member objects. Within

thirty days of receipt of the reallocation report by the chair of the budget and fiscal management committee, or its successor committee, the chair shall, in consultation with the councilmembers raising objections, consider the objections raised and notify the executive in writing which project reallocations may not proceed as proposed. The chair of the budget and fiscal management committee shall send a copy of the letter to any councilmembers who raised objections. The reallocation report takes effect upon receipt by the executive of the chair's written notice. If a written notice is not provided by the chair of the budget and fiscal management committee, or its successor committee, the reallocation report takes effect on the thirty-first calendar day following receipt of the reallocation report by the chair.

E. Any new project proposed for allocation in the current year that is not included in the current or previously adopted surface water management six-year CIP, or any newly proposed project scope to be added to a project adopted as part of the surface water management six-year CIP that cannot be accommodated by transfers of contingency funds, may be added to the surface water management CIP after going through the normal appropriation process. Transfers of contingency funds that are required after the surface water management CIP reallocation report is transmitted to the council shall be reported by the department of natural resources and parks to the chair of the budget and fiscal management committee, or its successor committee, and the chair of the utilities committee, or its successor committee, with copies to lead staff for the budget and fiscal management committee, or its successor committee, and for the utilities committee, or its successor committee. Transfers from contingency funds in excess of fifteen percent of the total project cost shall be contingent upon written approval by the chair of the budget and fiscal management committee, or its successor committee.

F. Beginning January 1, 2003, a surface water management CIP contingency project shall be allocated in the current year fund appropriation to provide contingent budget authority to be used according to the requirements established in this chapter. The surface water management CIP contingency project amount shall be no more than ten percent of the current year surface water management CIP budget or one million dollars,

whichever is less.

SECTION 12. Ordinance 14122, Section 6, as amended, and K.C.C. 4.04.280 are each hereby amended to read as follows:

A. This section establishes procedures required for flexible response budgeting provisions applicable to the wastewater CIP beginning in 2002 but shall not apply to high-risk projects under section 2 of this ordinance. Except as specifically provided in this section, budgeting for the wastewater CIP shall be in accordance with other applicable county law.

B. To allow reprogramming flexibility needed to respond in a timely manner to events beyond the control of the wastewater treatment division that result in temporary postponement or acceleration of wastewater CIP projects allocated in the current budget year, and notwithstanding any other provision of county law, current-year budget authorization for the wastewater CIP shall be appropriated at the total CIP fund level rather than CIP project level. Wastewater CIP project budget allocation substitutions may take place during the budget year among the projects specifically adopted in the current six-year wastewater CIP together with carryover projects from previously adopted plans in accordance with the procedures in this section without the need for the enactment of amendatory appropriations ordinances; provided, however, that allocation substitutions for wastewater asset management projects may be done only between projects within wastewater asset management project categories, and not between projects in different wastewater asset management project categories.

C.1. Implementation of the wastewater CIP shall be in accordance with the project funding priorities and project funding levels identified in the annual wastewater six-year CIP as adopted by the county council. Beginning in 2002, on or before April 15 of each year, the wastewater treatment division shall prepare and submit to the council a wastewater CIP reallocation report. The report shall provide a status report on implementation of all wastewater CIP projects contained in the current adopted six-year wastewater CIP together with those projects carried forward from previous adopted six-year wastewater CIPs, and shall include:

a. an explanation of significant changes to scope, schedule and impact on work plan and budget since last budget approval;

b. identification of revisions to milestones and budget for the current year;

c. a proposal for revisions to scope, budget and schedule for next six months;

d. a reallocated wastewater six-year CIP including a revised financial plan, all changes to projects, estimated costs, schedules, and scopes of work to be pursued for the current year, and programmed in the remaining years of the six-year program;

e. a justification for each project postponement or acceleration and substitution;

f. an accounting summary of the current project status and the amount of unexpended project budget balance by project phase and revenue for each project in the current year of the program;

g. the original project cost estimate;

h. the revised project cost estimate that is being used as the basis for the current year fund appropriation and six-year CIP; and

i. identification of which projects will be ready for implementation in the current budget year within the constraints of the total current year fund appropriation.

2. For any current project in the adopted program that is not ready for implementation for reasons beyond the control of the wastewater treatment division or if a project needs to be accelerated, the report shall identify for substitution or postponement one or more projects of comparable budget allocation value from within the current adopted six-year wastewater CIP. If the budget allocation for any project to be postponed or accelerated exceeds the budget allocation of the proposed substituted or postponed project or projects, the difference shall be allocated to or from the wastewater CIP contingency appropriation. Any project that is identified for postponement shall be reallocated to the year in the six-year program from which the project that is identified for substitution was originally programmed. If no suitable CIP project exists to receive the reallocated funds, the funds shall remain allocated to the original CIP project.

D. The reallocation report shall be accompanied by a letter of transmittal to the chair of the budget and fiscal management committee or designee, or its successor committee, and the chair of the utilities and technology committee, or its successor committee, and copies of the report and letter shall also be transmitted to each councilmember, and the lead staff for the budget and fiscal management committee and for the utilities and technology committee. Any councilmember who objects to specific project deferrals or advancements proposed in the reallocation report shall notify the chair of the budget and fiscal management committee, or its successor committee, within fourteen days of receipt by the chair of the reallocation report. The councilmember must specify the project deferrals or advancements to which the member objects. Within thirty days of receipt of the reallocation report by the chair of the budget and fiscal management committee, or its successor committee, the chair will consider the objections raised and notify the executive in writing which project reallocations may go forward. The reallocation report takes effect upon receipt by the executive of the chair's written notice. If a written notice is not provided by the chair, the reallocation report takes effect on the thirty-first day following receipt of the reallocation report by the chair.

E. Any new project proposed for allocation in the current year that is not included in the current or previously adopted wastewater six-year CIP, or any newly proposed project cost or project scope to be added to a project adopted as part of the wastewater six-year CIP that cannot be accommodated by transfers of contingency funds, may be added to the wastewater CIP after going through the normal appropriation process. Transfers of contingency funds that are required after the wastewater CIP reprogramming report is transmitted to the council shall be reported by the department of natural resources to the chair of the budget and fiscal management committee, or its successor committee, and the chair of the utilities and technology committee, or its successor committee, with copies to lead staff for the budget and fiscal management committee and for the utilities and technology committee. Transfers from contingency funds in excess of fifteen percent of the total project cost shall be contingent upon written approval by the chair of the budget and fiscal management committee, or its successor committee.

F. A wastewater CIP contingency project shall be allocated in the current year fund appropriation to provide contingent budget authority to be used according to the requirements established in this chapter. Effective January 1, 2002, the wastewater CIP contingency project amount shall be seven and one-half percent of the current year capital expenditures included in the financial plan of the current year adopted sewer rate, but shall not exceed ten million dollars.

G. On or before August 1, 2001, the wastewater treatment division shall prepare and submit to the chair of the budget and fiscal management committee and the chair of the utilities and technology committee a 2001 CIP appropriations report.

1. The report shall provide a status report on implementation of all wastewater CIP projects contained in the current adopted six-year wastewater CIP together with those projects carried forward from previous adopted six-year wastewater CIPs, and shall include:

- a. an explanation of significant changes to scope, schedule and impact on work plan and budget since last budget approval;
- b. identification of revisions to milestones and budget for the current year;
- c. a proposal for revisions to scope, budget and schedule for next six months;
- d. a reallocated wastewater six-year CIP including all changes to projects, estimated costs, schedules, and scopes of work to be pursued for the current year, and programmed in the remaining years of the six-year program;
- e. a justification for each project postponement or acceleration and substitution;
- f. a revised financial plan;
- g. an accounting summary of the current project status and the amount of unexpended project budget balance by project phase and revenue for each project in the current year of the program; and
- h. identification of which projects will be ready for implementation in the current budget year within the constraints of the total current year fund appropriation; and

2. The report shall also include the department's proposal for defining project categories in the 2002 budget, including the list of categories to be funded under the wastewater asset management appropriations beginning in 2002.

SECTION 13. Ordinance 14921, Section 6, and K.C.C. 4.06.040 are each hereby amended to read as follows:

The group shall explore and discuss issues surrounding major capital projects and major real estate asset management matters. The group shall provide a forum for early policy level dialogue, discussion and input to ensure timely and informed council decisions. The group shall:

- A. Review and discuss policy matters regarding major capital projects;
- B. Review and discuss policy matters regarding major real estate asset management;
- C. Provide early policy input regarding potential budget initiatives in major capital projects and major real estate matters;
- D. Provide early policy input regarding long-term strategic real estate asset management and capital improvement project goals;
- E. Discuss significant real estate policy issues related to major capital projects; ~~((and))~~
- F. Assist coordination of capital project and real estate management matters involving independent elected officials in King County government; and
- G. Participate in the process for designating high-risk capital projects as required by section 2 of this ordinance.