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Title: AN ORDINANCE relating to definitions regarding capital projects; and 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 7159, Section 7, as amended, and K.C.C. 4.04.210, Ordinance 16764, Section 2, and K.C.C. 4.04.245, Ordinance 7159, Section 13, as amended, and K.C.C. 4.04.250 and Ordinance 14482, Section 57, and K.C.C. 4.40.005.

Sponsors: Julia Patterson

Indexes: Budget, capital projects

Code sections: 4.04.020 -, 4.04.030 -, 4.04.210 - ., 4.04.245 - ., 4.04.250 -, 4.40.005 - .

Attachments: 1. 17229.pdf, 2. 2011-0403 transmittal letter.doc, 3. 2011-0403 fiscal note.xls, 4. Staff Report 10-25-11, 5. Staff Report 11-01-11, 6. Staff Report Attachment 1: Striking Amendment S1, 7. 17229 Striking Amendment S1 - 11-9-11.pdf

Date	Ver.	Action By	Action	Result
11/9/2011	1	Metropolitan King County Council	Hearing Held	
11/9/2011	1	Metropolitan King County Council	Passed as Amended	Pass
11/7/2011	1	Metropolitan King County Council	Hearing Held	
11/7/2011	1	Metropolitan King County Council	Deferred	
11/1/2011	1	Budget and Fiscal Management Committee	Deferred	
10/26/2011	1	Budget and Fiscal Management Committee	Deferred	
10/25/2011	1	Budget and Fiscal Management Committee	Deferred	
10/3/2011	1	Metropolitan King County Council	Introduced and Referred	

AN ORDINANCE relating to definitions regarding capital projects; and 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 7159, Section 7, as amended, and K.C.C. 4.04.210, Ordinance 16764, Section 2, and K.C.C. 4.04.245, Ordinance 7159, Section 13, as amended, and K.C.C. 4.04.250 and Ordinance 14482, Section 57, and K.C.C.

4.40.005.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. 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.))~~ "Acquisition phase" means the time during which activities associated with acquisition or surplus and sale of real property, property rights or the acquisition of improvements through direct purchase or capitalized lease agreements occur.

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.))~~ O.1. a, d, f and h of this section. The implementing agency shall prepare the elements of this plan in subsection ~~((L.))~~ O.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))~~ phase; and schedule. The project budget~~((, conceptual design, detailed design, environmental studies and construction elements))~~ and phases 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. "Close-out phase" means the time during which the administrative processes and associated accounting activities to close out all contracts occurs. The close-out phase follows final acceptance and may include multiyear monitoring.

~~(("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.))~~ T. "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.))~~ U. "Deficit" means the excess of expenditures over revenues during an accounting period, or an accumulation of such excesses over a period of years.

~~((AA.))~~ V. "Director" means the director of the office of performance, strategy and budget.

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

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

~~((DD.))~~ X. "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.))~~ Y. "Final design phase" means the time during which design is completed, permits and other permissions are secured so that the project, or staged elements of the project consistent with the project management plan, can proceed to implementation. Final design phase also includes development of a final cost

estimate, plans, specifications and a bid package.

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

~~((FF.))~~ AA. "Fiscal period" means a calendar year or a biennium.

~~((GG.))~~ BB. "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.))~~ CC. "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.

~~((I.))~~ DD. "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.))~~ EE. "Implementation phase" means the time during which a project is constructed or implemented. "Implementation phase" also includes the testing, inspection, adjustment, correction and certification of facilities and systems to ensure that the project performs as specified. The implementation phase begins with the notice to proceed for the construction contract and ends with final acceptance of the project, unless otherwise specified in grant or regulatory requirements.

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

~~((KK.))~~ GG. "Lapse" of an appropriation means an automatic termination of an appropriation.

~~((LL.))~~ HH. "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 K.C.C. 4.04.245.

~~((MM-))~~ II. "Major widening project" means any roads CIP project adding at least one through lane in each direction.

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

~~((OO-))~~ KK. "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-))~~ LL. "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-))~~ MM. "Planning phase" means the time during which identification and development of project need and potential alternatives, evaluation of technical and economic feasibility and development of a rough-order-of-magnitude total project cost estimate occurs.

NN. "Preliminary design phase" means the time during which when evaluation and analysis of potential project alternatives occurs, and the preferred alternative is selected and designed sufficiently to establish a project baseline, at thirty to forty percent design.

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

~~((UU.))~~ RR. "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-)) SS. "Reappropriation" means authorization granted by the council to expend the appropriation for the previous fiscal year for capital programs only.

((WW-)) TT. "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-)) UU. "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-)) VV. "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 a high-risk project under K.C.C. 4.04.245.

((ZZ-)) WW. "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-)) XX. "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-)) YY. "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.))~~ ZZ. "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 K.C.C. 4.04.245.

~~((DDD.))~~ AAA. "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 K.C.C. 4.04.245.

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

~~((FFF.))~~ CCC. "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.))~~ DDD. "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 K.C.C. 4.04.245.

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

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

A. The budget shall set forth the complete financial plan for the ensuing fiscal year showing planned expenditures and the sources of revenue from which they are to be financed. 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 K.C.C. 4.04.245, 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 K.C.C. 4.04.245, 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 K.C.C. 4.04.245, 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 K.C.C. 4.04.245, 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 K.C.C. 4.04.245, 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))~~ project phase 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))~~ project phases 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))~~ project phase 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 K.C.C. 4.04.245 shall be funded as provided in K.C.C. 4.04.245.

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 K.C.C. 4.04.245 shall be funded as provided in K.C.C. 4.04.245.

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 K.C.C. 4.04.245 shall be funded as provided in K.C.C. 4.04.245.

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 K.C.C. 4.04.245 shall be funded as provided in K.C.C. 4.04.245.

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. High-risk projects under K.C.C. 4.04.245 shall be funded as provided in K.C.C. 4.04.245.

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 K.C.C. 4.04.245 shall be funded as provided in K.C.C. 4.04.245.

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 3. Ordinance 7159, Section 7, as amended, and K.C.C. 4.04.210 are each hereby amended to read as follows:

The council shall review, amend, defer or adopt operational master plans, facility master plans, facility program plans, CIP project ~~((cost elements))~~ phases, schedules and total budget in the annual CIP budget or amendments thereto pursuant to the provisions of the King County Charter.

SECTION 4. Ordinance 16764, Section 2, and K.C.C. 4.04.245 are each hereby amended 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))~~ implementation 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, final 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))~~ implementation. 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))~~ implementation 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))~~ implementation 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 K.C.C. 4.04.247, 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~~)) implementation 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 final design and ((~~construction~~)) the implementation 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 K.C.C. 4.04.247, 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 K.C.C. 4.04.247, 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.

SECTION 5. Ordinance 7159, Section 13, as amended, and K.C.C. 4.04.250 are each hereby amended to read as follows:

A. All CIP appropriation requests from the executive shall include project schedule information for ~~((land))~~ the acquisition phase, design phases and construction phase for each project. All CIP projects involving county staff shall include estimated number of county staff hours in the ensuing fiscal year for each ~~((county force))~~ project ~~((cost element))~~ phase. The estimated schedule, with beginning and ending dates for each of these ~~((cost elements))~~ project phases, shall be listed by month.

B. The requirements in subsection A of this section do not apply to reprogramming appropriations for:

1. The major maintenance reserve fund CIP being made at the major maintenance reserve fund level and major maintenance reserve fund CIP projects being reprogrammed, all in accordance with K.C.C. 4.04.265; and

2. The roads CIP being made at the roads CIP fund level, and roads projects being reprogrammed, all in accordance with K.C.C. 4.04.270 and

3. The solid waste, surface water management and wastewater CIPs being made at the solid waste, surface water management and wastewater CIP fund levels, and solid waste, surface water management and wastewater CIP projects being reprogrammed, all in accordance with K.C.C. 4.04.273, 4.04.275 and 4.04.280.

SECTION 6. Ordinance 14482, Section 57, and K.C.C. 4.40.005 are each hereby amended to read as follows:

~~((Words in this chapter have their ordinary and usual meanings except those defined in this section, which have, in addition, the following meanings. If there is conflict, the specific definitions in this section shall presumptively, but not conclusively, prevail.))~~ The definitions in this section apply throughout this chapter

unless the context clearly requires otherwise.

A. (~~("Acquisition" or "county force acquisition" means the purchase of parcels of land, existing buildings, and structures, and costs incurred by the county for the appraisals or negotiations in connection with such a purchase.-)~~) "Acquisition phase" means the phase in which activities associated with acquisition or surplus and sale of real property, property rights or the acquisition of improvements through direct purchase or capitalized lease agreements occur. This phase typically runs at the same time as the final design phase or the preliminary design phase, as defined in K.C.C. 4.04.020.

B. "Arts and cultural development fund" means the special revenue fund established in K.C.C. 4.08.190 to receive and transfer to the cultural development authority a variety of revenues including, but not limited to, public art revenues.

C. "Client department" means the county department, division or office responsible for construction or custodial management of a facility or capital improvement project after construction is complete.

D. "County force" means work or services performed by county employees.

E. "Cultural development authority" or "authority" means the cultural development authority of King County established under K.C.C. chapter 2.49.

F. "Equipment and furnishings" means any equipment or furnishings that are portable and of standard manufacture. "Equipment" does not mean items that are custom designed or that create a new use for the facility, whether portable or affixed.

G. "Public art fund" means the fund established in K.C.C. 4.08.185.

H. "Public art program" means the county program administered and implemented by the cultural development authority that includes the works and thinking of artists in the planning, design and construction of facilities, buildings, infrastructure and public spaces to enhance the physical environment, mitigate the impacts of county construction projects, and enrich the lives of county residents through increased opportunities to interact with art.