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11/01/11 -
11/9/11 Council Mtg.

Sponsor: Julia Patterson

dl/bar

Proposed No.: 2011-0403

JP moved
PASSED: 9-0

1 **STRIKING AMENDMENT TO PROPOSED ORDINANCE 2011-0403, VERSION 1**

2 On page 1, beginning on line 9, strike everything through page 37, line 808, and insert:

3 "BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

4 SECTION 1. Ordinance 12076, Section 2, as amended, and K.C.C. 4.04.020 are

5 each hereby amended to read as follows:

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

8 A. (~~"Acquisition of right of way" or "land acquisition" means funds budgeted for~~
9 ~~the purchase of property rights, excluding county force charges of the facilities~~
10 ~~management division.)) "Acquisition phase" means the time during which activities
11 associated with acquisition or surplus and sale of real property, property rights or the
12 acquisition of improvements through direct purchase or capitalized lease agreements
13 occur.~~

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

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

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

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

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

24 G. "Allotment plan" means a fiscal management plan that divides a county
25 agency's program element budget into quarterly increments, reflecting the cyclical or
26 seasonal pattern of expenditures, for the purpose of identifying over and under expenditures
27 throughout the year.

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

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

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

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

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

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

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

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

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

56 a. general program requirements that define the development scope for specific
57 sites or facilities;

58 b. general space and construction standards;

59 c. prototype floor plans and prototype facility designs for standard
60 improvements;

61 d. space requirements based on the adopted county space plan;

62 e. initial, and life-cycle cost, of alternative facilities and locations including lease
63 and lease/purchase approaches;

64 f. approximate location of planned capital improvements;

65 g. general scope and estimated cost of infrastructure;

66 h. a schedule, that extends over a minimum of six years, for the implementation
67 of projects included in capital improvement plans, based on overall user agency priorities
68 and projected available revenue;

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

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

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

82 Q. "CIP" means capital improvement program.

83 R. "CIP exceptions notification" means, except for major maintenance reserve
84 fund, roads, solid waste, surface water management and wastewater CIP projects, a letter

85 filed with the clerk of the council for distribution to the chair of the budget and fiscal
86 management committee, or its successor committee, which describes changes to an adopted
87 CIP project's scope or schedule, or both, or total project cost and, with the exception of
88 schedule changes, shall be sent in advance of any action. For major maintenance reserve
89 fund CIP projects, "exceptions notification" means a letter filed with the clerk of the
90 council for distribution to the chair of the budget and fiscal management committee, or its
91 successor committee, that describes changes of fifteen percent or more to an adopted CIP
92 project's scope or schedule, or both, or total project costs and, with the exception of
93 schedule changes, shall be sent in advance of any action. For road CIP projects,
94 "exceptions notification" means a letter filed with the clerk of the council for distribution to
95 the chair of the transportation committee, or its successor committee, that describes
96 changes of fifteen percent or more to an adopted CIP project's scope or schedule, or both,
97 or total project costs and, with the exception of schedule changes, shall be sent in
98 advance of any action. For wastewater, solid waste and surface water management CIP
99 projects, "exceptions notification" means a letter filed with the clerk of the council for
100 distribution to the chair of the budget and fiscal management committee, or its successor
101 committee, and to the chair of the utilities committee, or its successor committee, which
102 describes changes of fifteen percent or more to an adopted CIP project's scope or
103 schedule, or both, or total project costs and, with the exception of schedule changes, shall
104 be sent in advance of any action.

105 S. "Close-out phase" means the time during which the administrative processes
106 and associated accounting activities to close out all contracts occurs. The close-out phase
107 follows final acceptance and may include multiyear monitoring.

108 (~~"Construction" means funds budgeted for CIP project construction including~~
109 ~~contract construction, contract inspection and testing and, as appropriate, construction tasks~~
110 ~~performed by county forces.~~

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

113 ~~U. "Contracted design" or "preliminary engineering" means funds budgeted for~~
114 ~~activities of a contract nature associated with all CIP project phases through bid~~
115 ~~advertising. Included are contracts for feasibility studies, planning, studies, preliminary~~
116 ~~design, construction drawings, bid specifications and on-site inspections.~~

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

121 ~~W.))~~ T. "Council" means the metropolitan King County council.

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

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

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

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

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

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

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

139 ~~((EE.))~~ Y. "Final design phase" means the time during which design is
140 completed, permits and other permissions are secured so that the project, or staged
141 elements of the project consistent with the project management plan, can proceed to
142 implementation. Final design phase also includes development of a final cost estimate,
143 plans, specifications and a bid package.

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

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

147 ~~((GG.))~~ BB. "Fund" an independent fiscal and accounting entity with a self-
148 balancing set of accounts recording either cash or other resources, or both, together with
149 related liabilities, obligations, reserves and equities that are segregated for the purpose of
150 carrying on specific activities or attaining certain objectives in accordance with special
151 regulations, restrictions or limitations.

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

156 (~~HH~~) DD. "General facility major maintenance emergent need contingency
157 project" means an appropriation to provide contingent budget authority for emergent needs
158 within major maintenance reserve fund CIP projects.

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

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

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

169 (~~LL~~) HH. "Major maintenance reserve fund CIP project" means any major
170 maintenance reserve fund CIP project that is allocated in the adopted six-year major
171 maintenance reserve fund CIP and is appropriated at the major maintenance reserve fund
172 level in accordance with K.C.C. 4.04.265 or is a high-risk project under K.C.C. 4.04.245.

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

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

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

180 ~~((PP-))~~ LL. "Operational master plan" means a comprehensive plan for an agency
181 setting forth how the organization will operate now and in the future. An operational
182 master plan shall include the analysis of alternatives and their life cycle costs to accomplish
183 defined goals and objectives, performance measures, projected workload, needed resources,
184 implementation schedules and general cost estimates. The operational master plan shall
185 also address how the organization would respond in the future to changed conditions.

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

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

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

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

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

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

216 ~~((UU.))~~ RR. "Quarterly management and budget report" means a report prepared
217 quarterly by the director for major operating and capital funds, that:

- 218 1. Presents executive revisions to the adopted financial plan or plans;
- 219 2. Identifies significant deviations in agency workload from approved levels;

220 3. Identifies potential future supplemental appropriations with a brief discussion
221 of the rationale for each potential supplemental; —

222 4. Identifies significant variances in revenue estimates;

223 5. Reports information for each appropriation unit on the number of filled and
224 vacant full-time equivalent and term-limited temporary positions and the number of
225 temporary employees;

226 — 6. Includes the budget allotment plan information required under K.C.C.
227 4.04.060; and

228 7. Describes progress towards transitioning potential annexation areas to cities.

229 ~~((VV.))~~ SS. "Reappropriation" means authorization granted by the council to
230 expend the appropriation for the previous fiscal year for capital programs only.

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

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

238 ~~((YY.))~~ VV. "Roads CIP project" means roads capital projects that are allocated in
239 the adopted six-year roads CIP and are appropriated at the roads CIP fund level in
240 accordance with K.C.C. 4.04.270 or a high-risk project under K.C.C. 4.04.245.

241 ~~((ZZ.))~~ WW. "Scope change" means, except for major maintenance reserve fund,
242 roads, solid waste, surface water management and wastewater CIP projects, that a CIP

243 project's total project cost increases by ten percent or by fifty thousand dollars, whichever
244 is less. For major maintenance reserve fund, roads, solid waste, surface water management
245 or wastewater CIP projects, "scope change" means the total project cost increases by fifteen
246 percent.

247 ~~((AAA.))~~ XX. "Section" means an agency's budget unit comprised of a particular
248 project, program or line of business as described in Ordinance 16445, Section 5, for the
249 2010 budget or for all subsequent budgets as described in the budget detail plan for the
250 previous fiscal period as attached to the adopted appropriation ordinance or as modified by
251 the most-recent supplemental appropriation ordinance. This definition is not intended to
252 create an organizational structure for any agency.

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

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

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

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

265 (~~CCC~~) ZZ. "Solid waste CIP project" means a solid waste project that is
266 allocated in the adopted six-year solid waste CIP and is appropriated at the solid waste CIP
267 fund level in accordance with K.C.C. 4.04.273 or is a high-risk project under K.C.C.
268 4.04.245.

269 (~~DDD~~) AAA. "Surface water management CIP project" means a surface water
270 management project that is allocated in the adopted six-year surface water management
271 CIP and is appropriated at the surface water management CIP fund level in accordance
272 with K.C.C. 4.04.275 or is a high-risk project under K.C.C. 4.04.245.

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

275 (~~FFF~~) CCC. "Wastewater asset management projects" means the wastewater
276 capital projects identified and intended by the wastewater treatment division to extend and
277 optimize the useful life of wastewater treatment assets, including facilities, structures,
278 pipelines and equipment.

279 (~~GGG~~) DDD. "Wastewater CIP project" means wastewater capital projects that
280 are allocated in the adopted six-year wastewater CIP and are appropriated at the wastewater
281 CIP fund level in accordance with K.C.C. 4.04.280 or is a high-risk project under K.C.C.
282 4.04.245.

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

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

287 A. The budget shall set forth the complete financial plan for the ensuing fiscal year
288 showing planned expenditures and the sources of revenue from which they are to be—
289 financed. For each fund, the expenditures included in the budget for the ensuing fiscal year
290 shall not exceed the estimated revenues as forecast under K.C.C. 2.140.070, including
291 reserves.

- 292 1. The budget document shall include the following:
- 293 a. estimated revenue by fund and by source from taxation;
 - 294 b. estimated revenues by fund and by source other than taxation;
 - 295 c. actual receipts for first six months, January 1 through June 30, of the current
296 fiscal year;
 - 297 d. actual receipts for the last completed fiscal year by fund and by source;
 - 298 e. estimated fund balance or deficit for current fiscal year by fund; and
 - 299 f. operational budget details for all agencies at the section level unless noted by
300 the executive and accompanied with an explanation of the change;
 - 301 g. such additional information dealing with revenues as the executive and
302 council shall deem pertinent and useful;
 - 303 h. tabulation of expenditures in a comparable form by fund, program project or
304 object of expenditure for the ensuing fiscal year;
 - 305 i. actual expenditures for the first six months, January 1 through June 30, of the
306 current year;
 - 307 j. actual expenditures for the last completed fiscal year;
 - 308 k. the appropriation for the current year; and

309 1. such additional information dealing with expenditures as the executive and
310 council shall deem pertinent and useful.

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

315 a. estimated expenditures for at least the next six fiscal years by program;

316 b. expenditures planned for current, pending, or proposed capital projects during
317 the fiscal year, classified according to proposed source of funds whether from bonds, or any
318 combination of other local, state, federal and private sources;

319 c. an alphabetic index to enable quick location of any project contained in the
320 budget;

321 d. a discrete number for each project that shall serve to identify it within the
322 capital budget document and all accounting reports;

323 e. estimated net annual operating costs associated with each project upon
324 completion or in cases where operating costs are negligible or incalculable, a statement to
325 that effect;

326 f. an identification of all CIP projects by council district in which they are
327 located;

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

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

332 (2) Except for high-risk projects under K.C.C. 4.04.245, the appropriation for
333 major maintenance reserve fund CIP projects shall be made at the major maintenance
334 reserve fund level in accordance with K.C.C. 4.04.265.

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

336 (4) Except for high risk projects under K.C.C. 4.04.245, the appropriation for
337 roads CIP projects shall be made at the roads CIP fund level in accordance with K.C.C.
338 4.04.270.

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

341 (6) Except for high-risk projects under K.C.C. 4.04.245, the appropriation for
342 wastewater CIP projects shall be made at the wastewater CIP fund level in accordance with
343 K.C.C. 4.04.280.

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

346 (8) Except for high-risk projects under K.C.C. 4.04.245, the appropriation for
347 surface water management CIP projects shall be made at the surface water management
348 CIP fund level in accordance with K.C.C. 4.04.275;

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

351 (10) Except for high-risk projects under K.C.C. 4.04.245, the appropriation for
352 solid waste CIP projects shall be made at the solid waste CIP fund level in accordance with
353 K.C.C. 4.04.273; and

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

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

358 i. the original project cost estimate which shall remain fixed from year to year.
359 This original cost estimate shall be included in the capital budget document. A project
360 record, separate from the budget document, shall be provided that identifies the original
361 project cost estimate and any subsequent changes to the original project cost estimate by
362 ~~((cost element))~~ project phase and revenue source as approved in the budget document or
363 any amendment to the budget;

364 j. an enumeration of revised project cost estimates;

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

366 l. funds previously authorized for the project;

367 m. anticipated specific ~~((cost elements))~~ project phases within each project.

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

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

374 (2) For parks CIP projects, a CIP exceptions notification shall be filed with the
375 clerk of the council in advance of action for distribution to the chair of the budget and fiscal
376 management committee, or its successor committee, when fifty thousand dollars or more or

377 funds in excess of ten percent of total project costs, whichever is less, are to be transferred
378 from a contingency project to a CIP project.

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

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

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

394 n. individual allocations by ~~((cost element))~~ project phase for each capital
395 project; and

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

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

402 2. The total proposed expenditures shall not be greater than the total proposed
403 revenue.

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

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

416 C.1. Justification for revenues and expenditures shall be presented in detail when
417 necessary to explain changes of established practices, unique fiscal practices and new
418 sources of revenue or expenditure patterns or any data the executive considers useful to
419 support the budget. The following elements shall be included:

420 a. nonbudgeted departments and programs expenditures and revenues; that is,
421 intragovernmental service funds;

422 b. historical and projected agency workload information; and
423 c. a brief explanation of existing and proposed new programs, as well as the
424 purpose and scope of agency activities.

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

429 D.1. The department of executive services shall submit a request for CIP project
430 funding, which shall specify project funding levels on a project-by-project basis, but which
431 shall be appropriated at the major maintenance reserve fund CIP fund level, stated as an
432 aggregate of individual projects for the budget year in question in accordance with K.C.C.
433 4.04.266. High-risk projects under K.C.C. 4.04.245 shall be funded as provided in K.C.C.
434 4.04.245.

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

438 E.1. The department of transportation shall submit a request for CIP project
439 funding, which shall specify project funding levels on a project-by-project basis, but which
440 shall be appropriated at the road CIP fund level, stated as an aggregate of individual
441 projects for the budget year in question in accordance with K.C.C. 4.04.270. High-risk
442 projects under K.C.C. 4.04.245 shall be funded as provided in K.C.C. 4.04.245.

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

446 F.1. The department of natural resources and parks shall submit a request for CIP
447 project funding, which shall specify project funding levels on a project-by-project basis, but
448 which shall be appropriated at the wastewater CIP fund level, stated as an aggregate of
449 individual projects, including subprojects, for the budget year in question in accordance
450 with K.C.C. 4.04.280. Except for multiyear construction contracts and carryover amounts
451 approved during the annual CIP reconciliation process, appropriations shall be for one year.
452 All construction contracts including multiyear construction contracts shall be appropriated
453 for the full construction amount in the first year. Any multiyear construction contracts
454 longer than three years must be specifically identified in the wastewater CIP budget
455 request. The request for CIP project funding for wastewater asset management shall
456 include categories of wastewater asset management projects. Wastewater asset
457 management projects shall be appropriated annually at the category level. The executive-
458 proposed CIP shall allocate anticipated expenditures for each wastewater asset
459 management project category as part of the six-year wastewater CIP. For each category, a
460 proposed project list will be appended. High-risk projects under K.C.C. 4.04.245 shall be
461 funded as provided in K.C.C. 4.04.245.

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

465 G.1. The department of natural resources and parks shall submit a request for CIP
466 project funding, which shall also specify project funding levels on a project-by-project
467 basis but which shall be appropriated at the surface water management CIP fund level,
468 states as an aggregate of individual projects, including subprojects, for the budget year in
469 question in accordance with K.C.C. 4.04.275. Except for multiyear construction contracts
470 and carryover amounts approved during the annual CIP reconciliation process,
471 appropriations shall be for one year. All construction contracts including multiyear
472 construction contracts shall be appropriated for the full construction amount in the first
473 year. Any multiyear construction contracts longer than three years must be specifically
474 identified in the surface water management CIP budget request. High-risk projects under
475 K.C.C. 4.04.245 shall be funded as provided in K.C.C. 4.04.245.

476 2. The council may require from the department of natural resources and parks
477 other data that the council considers necessary for review of the budget, which may include
478 objects of expenditure and other expenditures categories. High-risk projects under K.C.C.
479 4.04.245 shall be funded as provided in K.C.C. 4.04.245.

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

488 construction contracts longer than three years must be specifically identified in the solid
489 waste CIP budget request. High-risk projects under K.C.C. 4.04.245 shall be funded as
490 provided in K.C.C. 4.04.245.

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

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

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

500 SECTION 4. Ordinance 16764, Section 2, and K.C.C. 4.04.245 are each hereby
501 amended to read as follows:

502 A. For the purposes of this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

548 a. the appropriation request for the project will be over two hundred thousand
549 dollars or the appropriation request plus the project's prior appropriations will collectively
550 exceed two hundred thousand dollars;

551 b. the project has not yet had a high-risk determination from the joint advisory
552 group that was made after setting the project baseline; and

553 c. the project has not entered the ~~((construction))~~ implementation phase.

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

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

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

562 2. The risk scoring instrument shall be used by the implementing agency to
563 generate a risk score for all projects that are required to be scored under subsection B.1. of
564 this section.

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

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

574 5. By March 1, the executive shall electronically transmit all risk score results for
575 eligible capital projects that require a risk score that year to the clerk of the council, who
576 will retain an electronic copy and distribute electronic copies to the manager of the capital
577 projects oversight program and the co-chairs of the joint advisory group or their designees,

578 except that scoring results for eligible capital projects that received appropriations in 2010
579 shall be transmitted to the clerk of the council by July 31, 2010.

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

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

590 8. The joint advisory group shall file an electronic list of all eligible capital
591 projects for which it has changed the high-risk status designation, including risk score and
592 change in high-risk status, with the clerk of the council who will retain an electronic copy
593 and distribute electronic copies to the chair of the budget and fiscal management committee
594 or its successor and the manager of the capital projects oversight program.

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

598 10. The executive may designate any eligible capital project as a high-risk project
599 by letter or the council may designate any eligible capital project as a high-risk project by
600 motion. Thirteen copies of the letter or motion shall be filed with the clerk of the council

601 for distribution to all councilmembers, the co-chairs of the joint advisory group or their
602 designees and the manager of the capital projects oversight program.

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

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

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

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

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

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

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

643 a. When submitting a capital budget appropriation ordinance or an additional or
644 amended capital budget appropriation ordinance to the council where the appropriation
645 request encompasses work performed in more than one phase of a high-risk project, not
646 including the close-out phase, the executive shall submit as supporting data an explanation

647 of the cost and schedule factors necessitating appropriation for more than one phase. The
648 executive shall also submit as supporting data a schedule for reporting those supporting
649 items required by subsections F. through H. to the council. The schedule and items to be
650 reported shall match milestones identified in the project management plan. The reports
651 shall be filed with the clerk of the council for distribution to the chair of the budget and
652 fiscal management committee or its successor.

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

655 F. When submitting a capital budget appropriation ordinance or an additional or
656 amended capital budget appropriation ordinance to the council that encompasses work
657 performed in the preliminary design phase of a high-risk project, the appropriation request
658 may include up to ten percent of the funding for the design phase. The executive shall, in
659 addition to the requirements of K.C.C. 4.04.247, provide the following supporting data:

660 1. Identify design criteria;

661 2. Provide an estimate of preliminary design costs, start and end dates for the
662 preliminary design phase, and a rough order of magnitude cost estimate, which may be
663 expressed as a range, for design and ~~((construction))~~ implementation phases;

664 3. Provide a planned schedule that shows the anticipated start and finish dates for
665 each major task for the preliminary design phase, and for the final design and
666 ~~((construction))~~ the implementation phases, provide the anticipated start and finish dates for
667 major work through completion;

668 4. Identify stakeholders;

669 5. Identify regulatory requirements and highlight any regulatory requirements that
670 increase project risk; and

671 G. When submitting a capital budget appropriation ordinance or an additional or
672 amended capital budget appropriation ordinance to the council that encompasses work
673 performed in the design phase of a high-risk project, the executive shall, in addition to the
674 requirements of K.C.C. 4.04.247, provide the following supporting data:

675 1. Describe the alternatives considered, including a summary of life-cycle cost
676 analysis performed for feasible alternatives progressing to further design, and identify the
677 recommended alternative or alternatives with detailed scope description;

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

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

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

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

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

- 692 7. Certify that application for external funding has begun, if applicable; and
693 8. For projects with alternative delivery methods that contemplate a need for early
694 construction costs, provide an explanation of the need.

695 H.1. When submitting a capital budget appropriation ordinance or an additional or
696 amended capital budget appropriation ordinance to the council that encompasses work
697 performed in the construction phase of a high-risk project, the executive shall, in addition
698 to the requirements of K.C.C. 4.04.247, provide the following supporting data:

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

703 b. certify that all required nonconstruction permits are in place in accordance
704 with the project management plan or provide status of pending approvals and the expected
705 date of receipt;

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

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

713 2. The executive shall provide quarterly reports during the construction phase of a
714 high-risk project. The quarterly report shall address performance relative to project

715 baseline, highlight any significant variance from project baseline, summarize the top risks
716 in the risk register, summarize change orders, explain change orders that have the
717 cumulative potential to carry the project over project baseline and summarize the results of
718 the latest earned value analysis. Five copies of each report shall be filed with the clerk of
719 the council, who shall retain a copy and distribute copies to the chair of the budget and
720 fiscal management committee or its successor, the co-chairs of the joint advisory group or
721 their designees and the manager of the capital projects oversight program.

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

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

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

730 2. Agencies shall apply earned value management tools and methods to the design
731 and construction phases. The earned value management tools and methods, and the format
732 and level of detail reported, shall be appropriate for the phase of the project and the
733 associated level of certainty regarding cost and schedule estimates. Tools for earned value
734 management may include forecasting estimate at completion for design phase and use of
735 earned value analysis for the construction phase.

736 3. The analysis shall be updated at least monthly.

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

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

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

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

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

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

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

758 ~~((Words in this chapter have their ordinary and usual meanings except those~~
759 ~~defined in this section, which have, in addition, the following meanings. If there is~~

760 ~~conflict, the specific definitions in this section shall presumptively, but not conclusively,~~
761 ~~prevail.))~~ The definitions in this section apply throughout this chapter unless the context
762 clearly requires otherwise.

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

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

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

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

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

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

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

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

789 **EFFECT:** Makes technical corrections to display all changes to current code.