



King County

Budget and Fiscal Management Committee

STAFF REPORT

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|----------------------|-----------|--------------|-------------------|
| Agenda Item: | 4 | Name: | Polly St. John |
| Proposed No.: | 2011-0177 | Date: | September 7, 2011 |

SUBJECT:

Proposed Ordinance 2011-0177 would amend King County Code, Title 4 – Revenue and Financial Regulation – to change capital budgeting, implementation and reporting requirements.

SUMMARY:

The proposed legislation seeks to revise Title 4 capital budgeting, implementation and reporting requirements. To review the proposal, staff will prepare and present a series of briefings covering major categories. Today is the third in the series of briefings to seek Committee member input and direction. This briefing will provide an overview of CIP (capital improvement program) budgeting and implementation procedures.

BACKGROUND:

As identified by the Clerk of the Council, Title 4 includes six major subject areas: (1) budgeting and reporting, (2) procurement, (3) property, (4) claims, (5) taxes, and (6) fees. K.C.C. Chapter 4.04 contains the budget and reporting system. Proposed Ordinance 2011-0177 focuses on the Capital Improvement Program (CIP) budgeting and reporting requirements in KCC Chapter 4.04. As stated in the Executive's transmittal letter, the legislation proposes Title 4 code changes to improve capital program management, budgeting and performance management.

Topic areas included in Proposed Ordinance 2011-0177 include flexible budgeting, quarterly reporting, mandatory phased appropriation (e.g., high-risk) projects, role of the Joint Advisory Group (JAG), CIP revenue verification (CIP reconciliation), biennial budgeting and county workforce provisions – all to align with the new financial and budgeting structure that will "go live" in January 2012. The proposed ordinance seeks to accomplish this by consolidating, reorganizing, and modifying many provisions in Title 4 related to capital projects and capital budgeting.

The first briefing on Proposed Ordinance 2011-0177 occurred in the Budget and Fiscal Management Committee on July 6, 2011. That briefing addressed flexible budgeting and quarterly reporting, and asked for Councilmember direction regarding the breadth of review for Title 4. At that time, the Committee directed staff to do the following:

- Further examine fund contingencies and exceptions as an option to flexible budgeting, particularly with regard to issues identified by staff,

- Work with the Executive branch to determine needed requirements for quarterly reports, taking into consideration the reporting capabilities of the pending Accountable Business Transformation (ABT) system, and
- Work with the Council Clerk and Code Reviser to comprehensively review and clean up Title 4 over the next 12-18 months. This is likely to take the form of the creation of, and gradual migration to, an entirely new Title 4A as legislation arises pertaining to the subject areas of the existing Title 4.

The second briefing occurred on July 19, 2011 and covered mandatory phased appropriations and the Joint Advisory Group (JAG). The committee directed staff to continue issue analysis for these subjects and to continue on the proposed timelines for completion of the project.

Today's briefing is the third in the series and addresses background on overall CIP budgeting practices including CIP revenue verification, biennial budgeting, and ABT implementation (including strategic planning and performance measures).

CIP Budgeting

Capital Improvement Program (CIP)

The CIP consists of projects that are necessary to provide County core services. The CIP provides the infrastructure for each county service. For example:

| <u>Service</u> | <u>CIP Project (example)</u> |
|-----------------------|-------------------------------------|
| Transportation | Buses, road improvements |
| Public safety | Courts, jails |
| Parks and recreation | Swimming pool rehab |
| Wastewater treatment | Treatment plant; pump station |
| River improvement | Flood control projects |
| Solid waste disposal | Landfill; transfer station |
| Public health | Harborview; health clinics |
| General government | Courthouse lobby project |

Roles and Responsibilities

The County Code defines the roles and responsibilities of the Executive and the Council for CIP projects. The Executive is responsible for the implementation of projects, the notification of the Council prior to advertising for construction bids, and the selection of consultant soliciting work on projects. As noted in the July 6 briefing, the Executive is also responsible for exceptions notifications associated with flexible budgeting for Roads, Wastewater Treatment Division (WTD), Storm Water Management (SWM), and Major Maintenance Reserve Fund (MMRF) projects.

The Council is to review amend, defer, reject, or adopt the annual CIP budget or supplemental appropriations requests. They also review Operational Master Plans (OMP), Facility Master Plans (FMP), facility program plans and CIP cost elements, schedules, and total budgets.

The BFM Committee has implemented a series of techniques to assist the Council in monitoring of some of the County's large scale CIP projects. These methods of review include: monthly project status reports, independent monitoring consultants, periodic project review, change order threshold limits that trigger Council review and approval, and monthly large capital project review meetings with Facilities Management Division (FMD) staff. The creation of the Capital Projects Oversight (CPO) program in the Auditor's Office and the codification of mandatory phased appropriation requirements are two monitoring tools added relatively recently.

Capital Budgeting

Under the County Charter, the Executive develops the CIP budget and requests project funding in the annual budget or in a supplemental appropriation ordinance. Council approval of all CIP project appropriations is required before projects can proceed. After the Council approves the capital budget, the Executive is responsible for implementing all CIP projects.

Unlike operating budget appropriations which lapse at the end of each fiscal year, Section 480 of the County Charter provides that capital budget appropriations lapse when the project is completed, abandoned, or when no expenditure or encumbrance has been made for three years. *(This will be discussed in the CIP Verification section.)*

Under the County Charter, the Council cannot adopt an additional or amended capital budget appropriation ordinance during the fiscal year unless requested to do so by the Executive (Section 470.30).

King County Code (K.C.C.) CIP Project Approval Process

A capital improvement project (CIP) is defined in K.C.C. 4.04.020 as a project that includes one or more of the following elements: (1) Acquisition of a site or existing structure, or both, (2) Planning program or site master planning, (3) Design and Environmental Analysis, (4) Construction, and (5) Major purchase such as equipment or buildings.

The basic components of each CIP project are:

Program Plan: This is a document that describes the development concept and scope of work for a building, group of buildings or other facilities at a particular site. It does not apply to small-scale CIP projects.

Scope: The scope of work summarizes all aspects of the work to be completed.

Schedule: A CIP project schedule includes all interrelated tasks necessary to complete the project. Task timelines include start dates, task durations, critical paths, and manpower loading.

Budget: A CIP budget is an organization of all project cost categories necessary to complete a project. Project budgets include design costs, construction costs, taxes, contingencies, soft costs and escalation.

K.C.C. 4.04.020 requires that all above-grade CIP projects (small projects are exempted) be subject to the sequential Council approval of the following:

Operational Master Plan – a comprehensive plan for an agency setting forth how the organization will operate now and in the future.

Project Program Plan – a plan that describes the overall development concept and scope of work for a building or group of buildings on a particular site.

Site Master Plan (if applicable) – 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.

It should be noted that although the K.C.C. requires the CIP approval process listed above, in practice, this process is rarely followed as not all CIP projects require all of the above elements. For example; a seismic upgrade of the County parking garage would not impact the operations of any agency and therefore would not need to be incorporated into an operational master plan. Similarly, site master plans would not be required for many CIP projects.

Issues

CIP terms in K.C.C. need to be updated to reflect current processes. As an example, FMPs are not currently mentioned directly in the Code, although they are very similar to site master plans.

| |
|--|
| <p>Does the Committee wish to direct staff to work with the Executive to ensure that the new Title 4A reflects updated language and current business practices and terms?</p> |
|--|

Phased CIP Approvals

The Council has traditionally required phased approvals of expenditure authority for large County CIP projects. These approvals are usually coordinated with the implementing agency and are organized to be consistent with the design phases. For example, the first phase of a project may be the architectural design phase, and the Council may opt to approve only this piece of the entire project budget. Approval of construction funding would not occur until after completion of the design phase when final cost estimates would be available to determine the amount of budget necessary. Further, expenditure authority for project construction is rarely phased because the County must authorize the appropriation for the entire construction phase before it can legally execute a construction contract.

As noted in the last committee briefing on July 19, the County provides for mandatory phased appropriations for certain capital projects. Ordinance 16764 was adopted with the goal of enhancing Council oversight of projects that were deemed more likely to exceed original scope, schedule or budget based on a variety of risk-assessment factors. The ordinance established standardized requirements for capital project reporting and cost-estimating.

Expenditure authority for CIP projects resides with the project until the project is either completed, cancelled or where there have been no expenditures for the last three years (see discussion below for CIP revenue verification).

At the July meeting, members directed staff to continue exploration of the role of MPA requirements in capital budgeting and the impact of the proposed changes on advancement of public policy goals.

CIP Revenue Verification¹
(presently called CIP Reconciliation)

The King County Charter (Section 480) states that budget authority lapses for capital improvement projects without expenditure over a three-year period. K.C.C. 4.04.040 sets the reporting deadline for year-end CIP reconciliation on March 1. Section 4 b (2) e of 4.04.040 states:

An appropriation in the capital budget appropriations authorization shall be canceled at the end of the fiscal year, unless the Executive submits to the Council the report of the final year end reconciliation of expenditures for all capital projects on or before March 1st of the year following the year of the appropriation, and each year thereafter in which the appropriation remains open.

Previous discussions by the committee have noted that the March 1 deadline is a very aggressive timeline for the Executive to prepare the reconciliation due to the year-end closing of the annual budget (including the 14th month calculations). Historically, the reconciliation has been transmitted in late spring or summer. In 2002 and 2003, CIP reconciliation was reviewed concurrent with the annual budget. Proposed Ordinance 2011-0177 proposes to change the due date for verification from March 1 to May 31.

CIP Revenue Verification represents an annual review of all capital projects and funds to determine the appropriate level of carryover budget authority and the availability of revenues to support the projects.

Issues

1. Does the Council agree with the proposed name change from reconciliation to revenue verification? This proposed name accurately describes the technical balancing required to determine the annual amount of CIP carryover. It should be noted that if a project is cancelled due to inactivity, any fund revenues for the project would revert to fund balance.
2. Does the Council agree with the proposed change in due date from March 1 to May 31? Over the last ten years, this required exercise has not occurred until well after the March 1 due date. Due to the 14th month accounting required to close out the

¹ Proposed Ordinance 2011-0177 proposed to change the name of this CIP carryover balancing exercise from CIP Reconciliation to CIP Revenue Verification.

previous year's budget, the proposed date of May 31 would appear to be a more reasonable due date.

The Council may wish to direct staff to incorporate the suggested changes for review of the CIP.

Biennial Budgeting

King County has the authority to adopt a biennial budget under both State law and the King County Charter. According to state law (RCW 36.40.250), a mid-biennial budget review and modification is required. The County has the option to adopt an ordinance providing for a biennial budget for any one or more funds, with a mid-biennium review. The Council may also opt to keep some funds on an annual budget cycle.

K.C.C.4.04.025 authorizes biennial budgeting in accordance with Section 405 of the Charter. The K.C.C. states that *"in lieu of adopting an annual budget, the council shall adopt a biennial budget for such county funds as the council may determine. For these funds there shall be a mid-biennium review and modification for the second year of the biennium. The council may adopt additional and emergency appropriations ordinances for any such fund or funds in the same manner and subject to the same conditions as otherwise provided in the charter."*

The Council currently adopts biennial budgets for transportation related services. The following appropriation units are budgeted biennially, with a mid-biennium review:

- Stormwater Decant Program
- Roads
- Roads Construction Transfer
- Marine Division
- Airport
- Airport Construction Transfer
- Transit
- DOT Director's Office
- Transit Revenue Vehicle Replacement
- Wastewater Equipment Rental and Revolving
- Equipment Rental and Revolving
- Motor Pool
- Public Transportation Construction Fund (CIP)
- Public Transportation Capital Transfer to Operating
- Roads CIP

Motion 13431, adopted by the Council on February 28th of this year, created the schedule for King County's move to biennial budgeting and fulfilling the requirements of Ordinance 15545, which authorized the move to biennial budgeting in 2006.

For the 2012-2013 biennium, all funds associated with the Department of Transportation and the Department of Development and Environmental Services will be biennial budgets. For the 2013-2014 biennium, the Departments of Natural Resources and Parks, Public Health, Community and Human Services, Information Resource Management, and Executive Services (excluding those agencies in the General Fund) will change from annual budgeting. For the 2015-2016 biennium and all biennia thereafter, all county funds will be transitioned to biennial budgeting.

No issues are identified with biennial budgeting.

Accountable Business Transformation (ABT)

For more than 15 years, the county has used two accounting and financial systems, and two human resource/payroll systems. These four separate systems perform the central financial and human resource functions for the county, but they are not integrated and do not work together efficiently.

County departments and agencies follow divergent policies and procedures, use inconsistent business processes and support multiple computing software systems. This results in poor integration, redundant data entry, time-wasting reconciliation, and high system maintenance, staff support and upgrade costs.

King County is adopting a new business model that will deliver efficiencies within the county and more effective services to county residents. The Accountable Business Transformation (ABT) Program renovated the county's business processes for human resources and benefits in March 2010. Next, countywide business processes for financial, payroll and budget operations will be undergoing changes that involve implementing new best business practices and systems. This new business model is comprised of industry best operating practices from public and private organizations nationwide and will provide county staff with improved access to timely, accurate and useful information to deliver better services to the public.

King County's ABT Program is currently on schedule.

- The County will implement the Oracle financial system and PeopleSoft payroll/time and labor system in early January 2012.
- The Hyperion budget system will be implemented in February 2012.
- Both the Finance Project and the Payroll/Time and Labor (PTL) Project are in the testing phases.
 - The Finance Project is now deep into end user testing and side system testing
 - The PTL project has entered the important parallel testing phase.
- The budget project is in the final stages of the build phase and will enter the testing phase in September 2011.

It is anticipated that the new financial system will provide for payroll, accounting, budgeting and reporting. The system is currently set up to provide for both annual and biennial budgets.

ABT Implementation Highlights

Although the ABT project is moving forward on time, it is reasonable to expect that the differences between the old and new systems may cause some delays or highlight concerns during the implementation phase. *(Current budget system testing is not using actual past data and will be tested with "fake" information. The budget system "go live" schedule assumes that the system will be able to accept past actual data.)*

It should be noted that there will be a "break" in data management in moving from the current system to the new ABT system that will affect research projects in the future. There will be a new data and phase structure in the new system. The items most affected will be:

1. Historical Data – The data conversion that would be required to input historical information into the new system would be cost and schedule prohibitive. As a result, historical data will be maintained in the ARMS/IBIS systems and the Essbase budgeting system for approximately five years. Some agencies may need to maintain side systems to ensure that information is not lost.
2. Account Information – The new ABT will use different account and cost centers (low orgs) numbers. This may affect reporting – particularly for historical data, as well as budget vs. actual information.

It should also be acknowledged that staff will be learning new data entry methods and information retrieval processes for the new system, which includes completely new dimensions. Staff training will begin in September.

As ABT comes on-line, the system will need the flexibility to accommodate any decisions made by the Council regarding Title 4 changes that affect County budgeting practices.

NEXT STEPS:

Briefing Timelines

The proposed legislation seeks to revise Title 4 capital budgeting, implementation and reporting requirements. Staff has prepared a series of briefings to cover major categories. As shown below, another briefing is scheduled prior to the 2012 budget process.

- ✓ 6/21 Flexible Budgeting, Quarterly Reporting, Council direction
- ✓ 7/19 JAG and Mandatory Phased Appropriations
- ✓ 9/7 General CIP Review, CIP Revenue Verification, ABT, and Biennial Budgeting
- 9/20 Summary of proposed Title 4 changes and next steps.

Completed or On-Going Work

- ✓ Ordinance 17150 was adopted by the Council in July that incorporates Superior Court fees into the new Title 4A.

- Some proposed K.C.C. changes eliminating unused county funds could be transmitted concurrent with the proposed 2012 budget.
- Final work on the new Title 4A is anticipated to be completed in the summer of 2012. It is hoped that adopted changes will be incorporated into 2013 budget where possible.

INVITED:

- Dwight Dively, Director, Office of Performance, Strategy and Budget (PSB)
- Sid Bender, CIP Budget Manager, PSB
- Mike Morrison, Capital Projects Analyst, PSB

ATTACHMENTS:

1. Proposed Ordinance 2011-0177
2. Executive Transmittal Letter, dated April 7, 2011

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KING COUNTY
Signature Report

Attachment 1
1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

September 6, 2011

Ordinance

Proposed No. 2011-0177.1

Sponsors Gossett and Patterson

1 AN ORDINANCE relating to capital budgeting,
2 implementation, and reporting; and amending Ordinance
3 12076, Section 2, as amended, and K.C.C. 4.04.020, and
4 Ordinance 12076, Section 3, as amended, and K.C.C.
5 4.04.030, and Ordinance 14452, Section 6, as amended, and
6 K.C.C. 4.04.300, and Ordinance 14743, Section 7, as
7 amended, and K.C.C. 4.04.266, and Ordinance 12045, as
8 amended, and K.C.C. 4.04.040, and Ordinance 10772,
9 Section 1, as amended, and K.C.C. 4.04.045, and
10 Ordinance 620, Section 4, as amended, and K.C.C.
11 4.04.060, and Ordinance 12076, Section 5, as amended,
12 and K.C.C. 4.04.200, and Ordinance 7159, Section 7, as
13 amended, and K.C.C. 4.04.210, and Ordinance 16764,
14 Section 2, as amended, and 4.04.245, and ordinance 10489,
15 Sections 1-4, as amended and K.C.C. 4.04.260, and
16 Ordinance 14921, Section 3, as amended, and K.C.C.
17 4.06.010, and Ordinance 14921, Section 5, as amended, and
18 K.C.C. 4.06.030, and 14482, Section 57, as amended, and
19 K.C.C. 4.40.005, and Ordinance 12089, Section 9, and

20 K.C.C. 4.40.015, and recodifying K.C.C. 4.04.266, K.C.C.
21 4.04.300, and recodifying K.C.C. 4.06, and repealing
22 Ordinance 12138, Section 5, as amended, and K.C.C.
23 4.04.220, and Ordinance 12076, Section 6, as amended, and
24 K.C.C. 4.04.260, and Ordinance 16764, Section 4, as
25 amended, and K.C.C. 4.04.247, and Ordinance 7159,
26 Section 13, as amended, and K.C.C.4.04.250, and
27 Ordinance 14743, Section 6, as amended, and K.C.C.
28 4.04.265, and Ordinance 13035, Section 5, as amended, and
29 K.C.C. 4.04.270, and Ordinance 14811, Section 6, as
30 amended, and K.C.C. 4.04.273, and Ordinance 14552,
31 Section 5, as amended, and K.C.C. 4.04.275, and
32 Ordinance 14122, Section 6, as amended, and K.C.C.
33 4.04.280, and Ordinance 14921, Section 4, as amended, and
34 K.C.C. 4.06.020, and Ordinance 14921, Section 6, as
35 amended, and K.C.C. 4.06.040, and Ordinance 14921,
36 Section 7, as amended, and 4.06.050.

37 SECTION 1. Ordinance 12076, Section 2, as amended, and K.C.C. 4.04.020 are
38 hereby amended to read as follows:

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

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

44 ~~((B.))~~ A. "Adopted" means approval by council motion or ordinance.

45 ~~((C.))~~ B. "Agency" means a county office, officer, institution whether
46 educational, correctional or other, department, division, board commission, except as
47 otherwise provided in this chapter.

48 ~~((D.))~~ C. "Allocation" means a part of a lump sum appropriation that is
49 designated for expenditure by either a specific organization unit or for specific purposes,
50 or both.

51 ~~((E.))~~ D. "Allotment" means a part of an appropriation that may be encumbered
52 or expended during an allotment period.

53 ~~((F.))~~ E. "Allotment period" means a period of less than a fiscal year in length
54 during which an allotment is effective.

55 ~~((G.))~~ F. "Allotment plan" means a fiscal management plan that divides a county
56 agency's program element budget into quarterly increments, reflecting the cyclical or
57 seasonal pattern of expenditures, for the purpose of identifying over and under
58 expenditures throughout the year.

59 ~~((H.))~~ G. "Appropriations" means an authorization granted by the council to
60 make expenditures and to incur obligations for specific purposes.

61 ~~((I.))~~ H. "Appropriation ordinance" means the ordinance that establishes the
62 legal level of appropriation for a fiscal year.

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

65 ~~((K.))~~ I. "Budget" means a proposed plan of expenditures for a given period or
66 purpose and the proposed means for financing these expenditures.

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

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

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

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

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

88 ~~a. general program requirements that define the development scope for specific~~
89 ~~sites or facilities;~~

90 ~~b. general space and construction standards;~~

91 ~~c. prototype floor plans and prototype facility designs for standard~~
92 ~~improvements;~~

93 ~~d. space requirements based on the adopted county space plan;~~

94 ~~e. initial, and life cycle cost, of alternative facilities and locations including~~
95 ~~lease and lease/purchase approaches;~~

96 ~~f. approximate location of planned capital improvements;~~

97 ~~g. general scope and estimated cost of infrastructure;~~

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

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

104 ~~3. The six year budget schedule included in the capital improvement plan shall~~
105 ~~be updated annually in conjunction with the capital budget adoption process:))~~

106 ((P.)) M. "Capital project" means a project with a scope that includes one or more
107 of the following elements, all related to a capital asset: acquisition of either a site or
108 existing structure, or both; program or site master planning; design and environmental

109 analysis; construction; major equipment acquisition; reconstruction; demolition; or major
110 alteration. "Capital project" includes a: project program plan; scope; budget by task; and
111 schedule. The project budget, conceptual design, detailed design, environmental studies
112 and construction elements of a project shall be prepared or managed by the implementing
113 agency.

114 ~~((Q. "CIP" means capital improvement program.~~

115 ~~R. "CIP exceptions notification" means, except for major maintenance reserve~~
116 ~~fund, roads, solid waste, surface water management and wastewater CIP projects, a letter~~
117 ~~filed with the clerk of the council for distribution to the chair of the budget and fiscal~~
118 ~~management committee, or its successor committee, which describes changes to an~~
119 ~~adopted CIP project's scope or schedule, or both, or total project cost and, with the~~
120 ~~exception of schedule changes, shall be sent in advance of any action. For major~~
121 ~~maintenance reserve fund CIP projects, "exceptions notification" means a letter filed with~~
122 ~~the clerk of the council for distribution to the chair of the budget and fiscal management~~
123 ~~committee, or its successor committee, that describes changes of fifteen percent or more~~
124 ~~to an adopted CIP project's scope or schedule, or both, or total project costs and, with the~~
125 ~~exception of schedule changes, shall be sent in advance of any action. For road CIP~~
126 ~~projects, "exceptions notification" means a letter filed with the clerk of the council for~~
127 ~~distribution to the chair of the transportation committee, or its successor committee, that~~
128 ~~describes changes of fifteen percent or more to an adopted CIP project's scope or~~
129 ~~schedule, or both, or total project costs and, with the exception of schedule changes, shall~~
130 ~~be sent in advance of any action. For wastewater, solid waste and surface water~~
131 ~~management CIP projects, "exceptions notification" means a letter filed with the clerk of~~

132 ~~the council for distribution to the chair of the budget and fiscal management committee,~~
133 ~~or its successor committee, and to the chair of the utilities committee, or its successor~~
134 ~~committee, which describes changes of fifteen percent or more to an adopted CIP~~
135 ~~project's scope or schedule, or both, or total project costs and, with the exception of~~
136 ~~schedule changes, shall be sent in advance of any action.~~

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

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

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

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

150 ~~———W. "Council" means the metropolitan King County council.~~

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

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

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

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

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

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

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

169 ~~((EE.))~~ P. "Financial plan" means a summary by fund of planned revenues and
170 expenditures, reserves and undesignated fund balance.

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

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

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

182 ~~((H. "General facility major maintenance emergent need contingency project"~~
183 ~~means an appropriation to provide contingent budget authority for emergent needs within~~
184 ~~major maintenance reserve fund CIP projects.~~

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

187 ~~((KK.))~~ T. "Lapse" of an appropriation means an automatic termination of an
188 appropriation.

189 ~~((LL. "Major maintenance reserve fund CIP project" means any major~~
190 ~~maintenance reserve fund CIP project that is allocated in the adopted six year major~~
191 ~~maintenance reserve fund CIP and is appropriated at the major maintenance reserve fund~~
192 ~~level in accordance with K.C.C. 4.04.265 or is a high risk project under K.C.C. 4.04.245.~~

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

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

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

200 ~~PP. "Operational master plan" means a comprehensive plan for an agency setting~~
201 ~~forth how the organization will operate now and in the future. An operational master~~
202 ~~plan shall include the analysis of alternatives and their life cycle costs to accomplish~~
203 ~~defined goals and objectives, performance measures, projected workload, needed~~
204 ~~resources, implementation schedules and general cost estimates. The operational master~~
205 ~~plan shall also address how the organization would respond in the future to changed~~
206 ~~conditions.))~~

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

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

212 ~~SS. "Project program plan" means a plan, primarily in written narrative form, that~~
213 ~~describes the overall development concept and scope of work for a building, group of~~
214 ~~buildings or other facilities at a particular site. The complexity of the project program~~
215 ~~plan will vary based upon the size and difficulty of the program for a particular site.~~
216 ~~When the plan includes projects that are phased over time, each phase shall have an~~
217 ~~updated project program plan prepared by the user agency before project implementation.~~
218 ~~The project program plan shall be prepared by the user agency with assistance from the~~
219 ~~implementing agency. The program plan describes the user agency program~~
220 ~~requirements for a specific building or site; provides the basis for these requirements; and~~
221 ~~identifies when funds for the implementation of the capital projects will be provided.~~
222 ~~The program plan shall elaborate on the general program information provided in the~~

223 operational master plan and the capital improvement plan. The plan shall also describe
224 user agency programs, how these programs would fit and function on the site, and the
225 general recommendation of the user agency regarding the appearance of the building or
226 site. The plan shall indicate when a site master plan is required for a project.))

227 ((~~FF.~~) V. "Public need" means those public services found to be required to
228 maintain the health, safety and well-being of the general citizenry.

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

- 231 ~~1. Presents executive revisions to the adopted financial plan or plans;~~
- 232 ~~2. Identifies significant deviations in agency workload from approved levels;~~
- 233 ~~3. Identifies potential future supplemental appropriations with a brief discussion~~
234 ~~of the rationale for each potential supplemental;~~
- 235 ~~4. Identifies significant variances in revenue estimates;~~
- 236 ~~5. Reports information for each appropriation unit on the number of filled and~~
237 ~~vacant full-time equivalent and term-limited temporary positions and the number of~~
238 ~~temporary employees;~~
- 239 ~~6. Includes the budget allotment plan information required under K.C.C.~~
240 ~~4.04.060; and~~
- 241 ~~7. Describes progress towards transitioning potential annexation areas to~~
242 ~~cities.))~~

243 ((~~VV.~~) W. "Reappropriation" means authorization granted by the council to
244 expend the appropriation for the previous fiscal year for capital programs only.

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

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

252 (~~YY. "Roads CIP project" means roads capital projects that are allocated in the~~
253 ~~adopted six year roads CIP and are appropriated at the roads CIP fund level in~~
254 ~~accordance with K.C.C. 4.04.270 or a mandatory phased appropriation high risk project~~
255 ~~under K.C.C. 4.04.245.~~

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

262 (~~AAA.~~) Z. "Section" means an agency's budget unit comprised of a particular
263 project, program or line of business as described in Ordinance 16445, Section 5, for the
264 2010 budget or for all subsequent budgets as described in the budget detail plan for the
265 previous fiscal period as attached to the adopted appropriation ordinance or as modified
266 by the most-recent supplemental appropriation ordinance. This definition is not intended
267 to create an organizational structure for any agency.

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

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

273 ~~——— a. site analysis, including environmental constraints;~~

274 ~~——— b. layout, illustration and description of all capital improvements;~~

275 ~~——— c. project scopes and budgets;~~

276 ~~——— d. project phasing; and~~

277 ~~——— e. operating and maintenance requirements.~~

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

280 ~~CCC. "Solid waste CIP project" means a solid waste project that is allocated in~~
281 ~~the adopted six year solid waste CIP and is appropriated at the solid waste CIP fund level~~
282 ~~in accordance with K.C.C. 4.04.273 or is a high risk project under K.C.C. 4.04.245.~~

283 ~~DDD. "Surface water management CIP project" means a surface water~~
284 ~~management project that is allocated in the adopted six year surface water management~~
285 ~~CIP and is appropriated at the surface water management CIP fund level in accordance~~
286 ~~with K.C.C. 4.04.275 or is a high risk project under K.C.C. 4.04.245.~~

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

289 ~~FFF. "Wastewater asset management projects" means the wastewater capital~~
290 ~~projects identified and intended by the wastewater treatment division to extend and~~

291 optimize the useful life of wastewater treatment assets, including facilities, structures,
292 pipelines and equipment.

293 ~~GGG. "Wastewater CIP project" means wastewater capital projects that are~~
294 ~~allocated in the adopted six year wastewater CIP and are appropriated at the wastewater~~
295 ~~CIP fund level in accordance with K.C.C. 4.04.280 or is a high risk project under K.C.C.~~
296 ~~4.04.245.))~~

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

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

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

306 1. The budget document shall include the following:

- 307 a. estimated revenue by fund and by source from taxation;
- 308 b. estimated revenues by fund and by source other than taxation;
- 309 c. actual receipts for first six months, January 1 through June 30, of the current
310 fiscal year;
- 311 d. actual receipts for the last completed fiscal year by fund and by source;
- 312 e. estimated fund balance or deficit for current fiscal year by fund; and

313 f. operational budget details for all agencies at the section level unless noted by
314 the executive and accompanied with an explanation of the change;

315 g. such additional information dealing with revenues as the executive and
316 council shall deem pertinent and useful;

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

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

321 j. actual expenditures for the last completed fiscal year;

322 k. the appropriation for the current year; and

323 l. The technology business plan in accordance with K.C.C. 2.16.0757;

324 ~~l~~ m. such additional information dealing with expenditures as the executive
325 and council shall deem pertinent and useful.

326 2. ~~All capital improvement projects and appropriations shall be authorized only~~
327 ~~by inclusion in the annual council adopted CIP or any amendment thereto. ((A bond~~
328 ~~ordinance is not an appropriation for capital projects. The capital improvement section of~~
329 ~~the budget shall include)) When submitting a capital budget appropriation ordinance the
330 following supporting data shall be submitted using a standard format, in the form of an
331 electronic database when possible:~~

332 a. Ordinance project number, project title, division, department, council district,
333 fund number, and fund name, appropriation and expenditures to date with estimated
334 current year total, six year appropriations. Ordinance projects are projects listed in the
335 Council adopted budget ordinance capital budget attachments.

336 b. Planned project costs at the phase level of detail as follows:

337 i. Planning Phase includes identification and development of project need and
338 potential alternatives, evaluation of technical and economic feasibility, and development
339 of a rough-order-of-magnitude total project cost estimate.

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

346 iii. Final Design Phase is the time during which design is completed, permits
347 and other permissions are secured so that the project (or staged elements of the project
348 consistent with the project management plan) can proceed to implementation. The design
349 phase also includes development of a final cost estimate, plans, specifications and a bid
350 package. It is expected that the range of uncertainty associated with project cost
351 estimates decreases as the design progresses. Activities to procure materials and
352 equipment that require long lead times may be initiated during this phase. For projects
353 with alternative delivery methods, such as general contractor-construction manager
354 projects, the design phase may include some construction activities that occur before
355 completion of project plans and specifications.

356 iv. Implementation Phase is the time during which the project is constructed or
357 implemented. This phase also includes the testing, inspection, adjustment, correction and
358 certification of facilities and systems to ensure that the project performs as specified. The

359 implementation phase begins with Notice to Proceed for the construction contract and
360 ends with final acceptance of the project, unless otherwise specified in grant or regulatory
361 requirements.

362 v. Close-out phase follows final acceptance and consists of administrative
363 processes and associated accounting activities to close out all contracts. It may include
364 multi-year monitoring.

365 vi. Acquisition Phase is the phase where activities associated with acquisition or
366 surplus and sale of real property, property rights, or the acquisition of improvements
367 through direct purchase or capitalized lease agreements occur. This phase typically runs
368 concurrent with the design phases.

369 c. A brief description of the project and the project's purpose, including
370 importance with respect to the implementing agency's priorities and goals, and
371 consequences of deferral or disapproval;

372 d. Current phase of project, phase status and whether the project is proposed as
373 a mandatory phased appropriation project using the County Auditor's risk assessment
374 model. A preliminary list of proposed mandatory phased appropriation projects shall be
375 provided to the Joint Advisory Group at least 60 days prior to budget transmittal ;

376 e. Project baseline and explanation of any significant variance from it;

377 f. An explanation of alternatives considered;

378 g. Appropriation and expenditure amounts to date;

379 h. Current-year appropriation requested amount;

380 i. Estimated cost through project closeout, which may be expressed as a range if
381 baseline is not established;

382 j. Explanation of how contingency amounts were determined or reference to
383 applicable county policy;

384 k. List the projects eligible to be included in one percent for art program and the
385 calculation of the one percent for art program amount. The project cost eligibility and
386 ineligibility criteria are described in KCC 4.05 Financing Art in County Construction
387 Projects;

388 l. Explanation of how inflation is incorporated or reference to applicable county
389 policy;

390 m. Identification of funding sources, funding status, and funding risks;
391 Description of key project risks, including summary of top risks in the risk register if
392 applicable for projects with total estimated cost greater than one million dollars;

393 o. Estimated net annual operating costs associated with each project upon
394 completion or in cases where operating costs are negligible or incalculable, a statement to
395 that effect;

396 p. Fund level contingency project amount that may be included in each capital
397 fund.

398 q. Major maintenance fund information described in the major maintenance
399 financial program section (K.C.C. 4.04.035);

400 r. Mandatory phased appropriation project information described in the mandatory
401 phased appropriation section (K.C.C. 4.04.210 (E.-H)).

402 ~~((B. Capital project cost estimates shall be prepared in accordance with~~
403 ~~applicable industry standards, requirements of external funding sources and county~~
404 ~~policies, including but not limited to standards regarding estimate accuracies,~~

405 methodology for determining contingency included for uncertainty, and the cost index
406 used to define the value of money. —

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

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

411 c. ~~an alphabetic index to enable quick location of any project contained in the
412 budget;~~

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

415 e. ~~estimated net annual operating costs associated with each project upon
416 completion or in cases where operating costs are negligible or in calculable, a statement to
417 that effect;~~

418 f. ~~an identification of all CIP projects by council district in which they are
419 located;~~

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

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

424 (2) ~~Except for mandatory phased appropriation high risk projects under
425 K.C.C. 4.04.245, the appropriation for major maintenance reserve fund CIP projects shall
426 be made at the major maintenance reserve fund level in accordance with K.C.C. 4.04.265.~~

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

428 ~~(4) Except for high risk projects under K.C.C. 4.04.245, the appropriation for~~
429 ~~roads CIP projects shall be made at the roads CIP fund level in accordance with K.C.C.~~
430 ~~4.04.270.~~

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

433 ~~(6) Except for high risk projects under K.C.C. 4.04.245, the appropriation for~~
434 ~~wastewater CIP projects shall be made at the wastewater CIP fund level in accordance~~
435 ~~with K.C.C. 4.04.280.~~

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

438 ~~(8) Except for high risk projects under K.C.C. 4.04.245, the appropriation for~~
439 ~~surface water management CIP projects shall be made at the surface water management~~
440 ~~CIP fund level in accordance with K.C.C. 4.04.275;~~

441 ~~(9) Solid waste CIP projects shall be presented in the six year solid waste CIP~~
442 ~~program;~~

443 ~~(10) Except for high risk projects under K.C.C. 4.04.245, the appropriation~~
444 ~~for solid waste CIP projects shall be made at the solid waste CIP fund level in accordance~~
445 ~~with K.C.C. 4.04.273; and~~

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

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

450 i. ~~the original project cost estimate which shall remain fixed from year to year.~~
451 ~~This original cost estimate shall be included in the capital budget document. A project~~
452 ~~record, separate from the budget document, shall be provided that identifies the original~~
453 ~~project cost estimate and any subsequent changes to the original project cost estimate by~~
454 ~~cost element and revenue source as approved in the budget document or any amendment~~
455 ~~to the budget;~~

456 j. ~~an enumeration of revised project cost estimates;~~

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

458 l. ~~funds previously authorized for the project;~~

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

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

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

471 (3) ~~For major maintenance reserve fund CIP projects, a CIP exceptions~~
472 ~~notification shall be filed with the clerk of the council in advance of action for~~

473 ~~distribution to the chair of the budget and fiscal management committee, or its successor~~
474 ~~committee, when moneys in excess of fifteen percent of the total major maintenance~~
475 ~~reserve fund CIP project costs are to be transferred from the general facility major~~
476 ~~maintenance emergent need contingency project.~~

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

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

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

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

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

494 2. The total proposed expenditures shall not be greater than the total proposed
495 revenue.

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

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

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

513 1. nonbudgeted departments and programs expenditures and revenues; that is,
514 intragovernmental service funds;

515 2. historical and projected agency workload information; and

516 3. a brief explanation of existing and proposed new programs, as well as the
517 purpose and scope of agency activities.

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

522 ~~D.1. The department of executive services shall submit a request for CIP project~~
523 ~~funding, which shall specify project funding levels on a project by project basis, but~~
524 ~~which shall be appropriated at the major maintenance reserve fund CIP fund level, stated~~
525 ~~as an aggregate of individual projects for the budget year in question in accordance with~~
526 ~~K.C.C. 4.04.266. Mandatory phased appropriation high risk projects under K.C.C.~~
527 ~~4.04.245 shall be funded as provided in K.C.C. 4.04.245.~~

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

531 ~~E.1. The department of transportation shall submit a request for CIP project~~
532 ~~funding, which shall specify project funding levels on a project by project basis, but~~
533 ~~which shall be appropriated at the road CIP fund level, stated as an aggregate of~~
534 ~~individual projects for the budget year in question in accordance with K.C.C. 4.04.270.~~
535 ~~Mandatory phased appropriation high risk projects under K.C.C. 4.04.245 shall be funded~~
536 ~~as provided in K.C.C. 4.04.245.~~

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

540 ~~F.1. The department of natural resources and parks shall submit a request for CIP~~
541 ~~project funding, which shall specify project funding levels on a project by project basis,~~
542 ~~but which shall be appropriated at the wastewater CIP fund level, stated as an aggregate~~
543 ~~of individual projects, including subprojects, for the budget year in question in~~
544 ~~accordance with K.C.C. 4.04.280. Except for multiyear construction contracts and~~
545 ~~carryover amounts approved during the annual CIP reconciliation process, appropriations~~
546 ~~shall be for one year. All construction contracts including multiyear construction~~
547 ~~contracts shall be appropriated for the full construction amount in the first year. Any~~
548 ~~multiyear construction contracts longer than three years must be specifically identified in~~
549 ~~the wastewater CIP budget request. The request for CIP project funding for wastewater~~
550 ~~asset management shall include categories of wastewater asset management projects.~~
551 ~~Wastewater asset management projects shall be appropriated annually at the category~~
552 ~~level. The executive proposed CIP shall allocate anticipated expenditures for each~~
553 ~~wastewater asset management project category as part of the six year wastewater CIP.~~
554 ~~For each category, a proposed project list will be appended. High risk projects under~~
555 ~~K.C.C. 4.04.245 shall be funded as provided in K.C.C. 4.04.245.~~

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

559 ~~G.1. The department of natural resources and parks shall submit a request for CIP~~
560 ~~project funding, which shall also specify project funding levels on a project by project~~
561 ~~basis but which shall be appropriated at the surface water management CIP fund level,~~
562 ~~states as an aggregate of individual projects, including subprojects, for the budget year in~~

563 ~~question in accordance with K.C.C. 4.04.275. Except for multiyear construction~~
564 ~~contracts and carryover amounts approved during the annual CIP reconciliation process,~~
565 ~~appropriations shall be for one year. All construction contracts including multiyear~~
566 ~~construction contracts shall be appropriated for the full construction amount in the first~~
567 ~~year. Any multiyear construction contracts longer than three years must be specifically~~
568 ~~identified in the surface water management CIP budget request. Mandatory phased~~
569 ~~appropriation high risk projects under K.C.C. 4.04.245 shall be funded as provided in~~
570 ~~K.C.C. 4.04.245.~~

571 ~~2. The council may require from the department of natural resources and parks~~
572 ~~other data that the council considers necessary for review of the budget, which may~~
573 ~~include objects of expenditure and other expenditures categories. Mandatory phased~~
574 ~~appropriation high risk projects under K.C.C. 4.04.245 shall be funded as provided in~~
575 ~~K.C.C. 4.04.245.~~

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

585 ~~the solid waste CIP budget request. Mandatory phased appropriation high risk projects~~
586 ~~under K.C.C. 4.04.245 shall be funded as provided in K.C.C. 4.04.245.~~

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

590 SECTION 3. K.C.C. 4.04.300, as amended by this ordinance, is recodified as a
591 new

592 section in K.C.C. chapter 4.04 to follow K.C.C. 4.04.030.

593 SECTION 4. Ordinance 14452, Section 6, and K.C.C. 4.04.300 are each

594 hereby amended to read as follows:

595 A. A fund contingency project may be included in each capital fund. For
596 ordinance projects other than a mandatory phased appropriation ordinance project,
597 appropriations may be transferred from the fund contingency project to another ordinance
598 project to address costs not anticipated at time of Council adoption. Transfers from the
599 contingency project in excess of fifteen percent of the total project cost shall be
600 contingent upon written approval by the chair of the budget and fiscal management
601 committee, or its successor committee. CIP contingency projects shall be allocated in the
602 current year fund appropriation to provide contingent budget authority.

603 ~~B.((A. This section allows for creation of a grant contingency project that would~~
604 ~~allow for more efficient implementation of grant funded projects in the surface water~~
605 ~~management construction fund 3292 and the open space nonbond fund 3522. Except as~~
606 ~~specifically provided in this section, budgeting for surface water management CIP and~~

607 ~~open space nonbond projects fund shall be in accordance with other applicable county~~
608 ~~law.))~~

609 ~~B. Capital funds ((The surface water management construction fund 3292 and the~~
610 ~~open space nonbond county projects fund 3522))-may ((each)) include a "grant~~
611 ~~contingency" project that would allow for efficient implementation of grant funded~~
612 ~~capital projects by providing ((provide advance))appropriation authority for grants or~~
613 ~~other external funding anticipated for projects ((to be implemented by the water and land~~
614 ~~resources division)). The executive shall supply documentation, such as grant~~
615 ~~applications or records of previous grant awards, to support the appropriation proposed~~
616 ~~for these projects. Funds appropriated for these projects shall not be spent unless the~~
617 ~~following three conditions are met:~~

618 ~~1. a. the funds are from an external source or a combination of external funds~~
619 ~~and county match;~~

620 ~~2. b. the council received proper notice of the application ((made by the water~~
621 ~~and land resources division)) to receive the funds; and~~

622 ~~3. c. the project on which the funds are to be spent was identified in the project~~
623 ~~sheet associated with the "grant contingency" project~~

624 SECTION 5. K.C.C. 4.04.266, as amended by this ordinance, is recodified as a
625 new section in K.C.C. chapter 4.04 to follow K.C.C. 4.04.030.

626 SECTION 6. Ordinance 14743, Section 7, and K.C.C. 4.04.266 are each hereby
627 amended to read as follows:

628 A. The following shall be submitted with the proposed appropriation ordinance
629 for the ensuing budget year:

630 1. The detailed financial plan covering at least six years setting forth the sources
631 and amounts of revenues used to finance major maintenance reserve fund expenditures in
632 each year of the plan. The revenues from a particular source may change from year to
633 year, as economic and budgetary circumstances warrant. However, if proposed revenues
634 do not fully fund the major maintenance financial model, then the discrepancy shall be
635 documented together with justification and a recovery plan outlining how the deficiencies
636 will be restored;

637 2. The major maintenance financial model, which is the analytical system for
638 the expenses for periodic replacement of major county building systems and components
639 and for developing the revenue estimates necessary to fund those expenses. The model
640 shall include any proposed changes from the previous year's model to building systems
641 and components, life cycles, estimates, percentage allocations or other associated
642 assumptions that form the basis of the model; and

643 3. The proposed major maintenance program plan, which is the prioritized list
644 of projects transmitted to the council with and funded by the annual major maintenance
645 fund budget request for the ensuing budget year, accompanied by criteria used to develop
646 the list and any changes from the previous year's list. The plan shall be prioritized and
647 include project names, project numbers and project appropriation requests. The final
648 program plan is adopted by the council as part of the budget ordinance. ~~((Expenditures
649 may be made only for approved projects on the program plan or approved reallocations
650 but total expenditures shall not exceed the amount appropriated to the fund.))~~

651 B. Major maintenance program costs shall be financed by the major maintenance
652 reserve fund. The calculation of the amount necessary to finance facility infrastructure

653 maintenance costs for each building shall be determined by the major maintenance
654 financial model. Proposed changes to the financial model are subject to the reporting
655 requirements in subsection A.2. of this section.

656 SECTION 7. Ordinance 12045, Section 23, as amended, and K.C.C. 4.04.040
657 are hereby amended to read as follows:

658 A. The council and executive shall execute the following responsibilities in order
659 to accomplish the preparation and distribution of the budget and budget document.

660 1.a. At least two hundred forty-five days before the end of the fiscal period, the
661 council shall notify the executive by motion of those funds to be budgeted on an annual
662 basis and those to be budgeted on a biennial basis.

663 b. At least two hundred forty-five days before the end of the fiscal period, the
664 executive shall announce the date by which agencies shall submit to the executive
665 information necessary to prepare the budget. By the date announced by the executive and
666 in any event at least one hundred fifty-five days before the end of the fiscal period, all
667 agencies shall submit to the executive information necessary to prepare the budget.

668 c. Agencies shall submit their budget information to the executive at the
669 section level, unless accompanied by a notice explaining the reasons for any proposed
670 section changes.

671 d. The preliminary economic and revenue forecast adopted by the forecast
672 council shall be used as the basis for the executive's preliminary budget preparation of the
673 status quo budget, budget instructions to departments and preliminary review of
674 departmental submittals to the executive.

675 e. Before presentation to the council, the executive may provide for hearings
676 on all agency requests for expenditures and revenues to enable the executive to make
677 determinations as to the need, value or usefulness of activities or programs requested by
678 agencies. The executive may require the attendance of proper agency officials at such
679 hearings and it shall be the duty of those officials to disclose such information as may be
680 required to enable the executive to arrive at final determinations.

681 f. The executive shall prepare and present an annual or a biennial budget and
682 budget message to the council no later than ninety-five days before the end of the fiscal
683 year or biennium. Copies of the budget and budget message shall be delivered to the
684 clerk of the council and each councilmember.

685 g. The updated economic and revenue forecast adopted by the forecast council
686 shall be used as the basis for the executive's proposed budget.

687 h. The executive shall prepare and present a proposed appropriation ordinance
688 not later than ninety-five days before the end of the fiscal year or biennium. The
689 proposed appropriation ordinance shall specify by any combination of fund, program,
690 project and agency as determined by the council the expenditure levels for the ensuing
691 budget year or biennium.

692 i. Before the public hearing on the budget, the budget message and supporting
693 tables shall be furnished to any interested person upon request and copies of the budget
694 shall be furnished for a reasonable fee as established by ordinance and shall be available
695 for public inspection in the office of the clerk of the council and on the Internet.

696 j. Seven days before the presentation of the proposed budget and budget
697 message to the council, the director shall submit to the council copies of all agency and
698 departmental budget requests and departmental and divisional work programs.

699 2.a. The council shall review the proposed appropriation ordinance and shall
700 make any changes or additions it deems necessary except the council shall not change the
701 form of the proposed appropriation ordinance submitted by the executive.

702 b. The council shall then announce and subsequently hold a public hearing or
703 hearings as it deems necessary.

704 c. Upon completion of the budget hearings and at least thirty days before the
705 end of the fiscal period, the council shall by ordinance adopt an appropriation ordinance
706 granting authority to make expenditures and to incur obligations. The council may attach
707 to the appropriation ordinance an accompanying statement specifying legislative intent,
708 but shall attach a budget detail plan. All financial reports submitted to the council,
709 including, but not limited to, quarterly reports, shall be presented at the section level.
710 The council may adopt tax and revenue ordinances as may be necessary to implement the
711 adopted appropriation ordinance.

712 3. The director shall be responsible for the printing and distribution of the
713 executive proposed budget and final adopted budget.

714 B.1.a. Within thirty days after adoption of the appropriation ordinance, all
715 agencies shall submit to the executive a statement of proposed expenditures at such times
716 and in such a form as may be required by the executive, provided that the council is not
717 required to submit an allotment. The statement of proposed expenditures shall include
718 requested allotments of appropriations for the ensuing fiscal period for the department or

719 agency concerned by program, project, object of expenditure or combination thereof and
720 for such periods as may be specified by the executive.

721 The executive shall review the requested allotments in light of the department's or
722 agency's plan of work and may revise or alter requested allotments. The aggregate of the
723 allotments for any department or agency shall not exceed the total of appropriations
724 available to the department or agency concerned for the fiscal period.

725 b. If at any time during the fiscal period the executive ascertains that available
726 revenues for the applicable period will be less than the respective appropriations, the
727 executive shall revise the allotments of departments or agencies funded from such
728 revenue sources to prevent the making of expenditures in excess of revenues. The
729 executive is also authorized to assign to, and to remove from, a reserve status any portion
730 of a department or agency appropriation which in the executive's discretion is not needed
731 for the allotment. No expenditure shall be made from any portion of an appropriation
732 that has been assigned to a reserve status except as provided in this section.

733 2. The executive shall periodically review any pay and classification plans, and
734 made to those plans thereunder, for fiscal impact and shall recommend to the council any
735 changes to such plans. However, none of the provisions of this subsection shall affect
736 merit systems of personnel management now existing or hereafter established by
737 ordinance relating to the fixing of qualification requirements for recruitment,
738 appointment, promotion or reclassification of employees of any agency.

739 3. During the last quarter of the fiscal year, the council when requested by the
740 executive may adopt an ordinance to transfer appropriations between agencies; but a

741 capital project shall not be abandoned thereby unless its abandonment is recommended
742 by the department or agency responsible for planning.

743 4.a. Unless otherwise provided by an appropriation ordinance and as set forth in
744 this section, all unexpended and unencumbered appropriations in the current expense
745 appropriation ordinances shall lapse at the end of the fiscal year. As used in this
746 subsection, "current expense appropriations" include all noncapital budget appropriations.

747 ~~((b. An appropriation in the capital budget appropriations authorization shall
748 be canceled at the end of the fiscal year or biennium, unless the executive submits to the
749 council the report of the final year end reconciliation of expenditures for all capital
750 projects on or before March 1 of the year following the year of the appropriation, and
751 each year thereafter in which the appropriation remains open.))~~

752 5.a. Except as otherwise provided in this subsection B.5. of this section, no
753 agency shall expend or contract to expend any money or incur any liability in excess of
754 the amounts appropriated. Any contract made in violation of this section shall be null
755 and void; any officer, agent or employee of the county knowingly responsible under such
756 a contract shall be personally liable to anyone damaged by this action. The council when
757 requested to do so by the executive may adopt an ordinance permitting the county to
758 enter into contracts requiring the payment of funds from appropriations of subsequent
759 fiscal years, except that the executive may enter into grant contracts, as provided under
760 subsection B.6. of this section.

761 b. The term of a lease or agreement for real or personal property shall not
762 extend beyond the end of a calendar year unless:

763 (1) funding for the entire term of that lease or agreement is included in a
764 capital appropriation ordinance, though any lease or agreement for real property longer
765 than a cumulative total of two years shall require council approval by ordinance;

766 (2) such a lease or agreement includes a cancellation clause under which the
767 lease or agreement may be unilaterally terminated for convenience by the county and
768 costs associated with such termination for convenience, if any, shall not exceed the
769 appropriation for the year in which termination is effected, though any decision to
770 continue any lease or agreement for real property beyond a cumulative total of two years
771 shall require council approval by ordinance; or

772 (3) such a lease or agreement is authorized by ordinance for such periods and
773 under such terms as the county council shall deem appropriate.

774 c. Real property shall not be leased to the county for more than one year unless
775 it is included in a capital appropriation ordinance.

776 d. Nothing in this section shall prevent the making of contracts or the spending
777 of money for capital improvements, or the making of contracts of lease or for service for
778 a period exceeding the fiscal period in which such a contract is made, when such a
779 contract is permitted by law.

780 6. The executive may enter into contracts to implement grants awarded to the
781 county before the appropriation of grant funds, including appropriations that must be
782 made in future years, if the council has received prior notice of the grant application and
783 if either of the following conditions are met: all of the funds to be appropriated under the
784 contract will be from the granting agency; or all financial obligations of the county under
785 the contract are subject to appropriation.

786 SECTION 8. Ordinance 10772, Section 1, as amended, and K.C.C. 4.04.045 are
787 hereby amended to read as follows:

788 The following policies shall guide the development and implementation of the
789 county's overhead cost allocation plan for allocating current expense costs to other county
790 funds:

791 A. The current expense fund may allocate costs to other county funds if it can be
792 demonstrated that other county funds benefit from services provided by current expense
793 funded agencies.

794 B. Wherever possible, the current expense cost to be allocated shall equal the
795 benefit received by the county fund receiving the charge.

796 C. Recognizing that many current expense services are indirect and not easily
797 quantifiable, overhead charges may be estimated.

798 D. Estimated overhead charges shall be calculated in a fair and consistent
799 manner, utilizing a methodology which best matches the estimated cost of the services
800 provided to the actual overhead charge.

801 E. The overhead allocation calculation formulae adopted by the council shall be
802 established prior to budget balancing and shall be utilized by the executive to develop the
803 executive proposed budget. The adopted formulae shall not be modified by the executive
804 without council approval.

805 F. By May 31, (~~(1993, and every)~~) of each year (~~((thereafter))~~), the executive shall
806 submit the proposed methodology for the overhead cost allocation plan to the council for
807 review and approval. The proposed overhead cost allocation plan methodology shall
808 adhere to the policies set forth in this chapter.

809 SECTION 9. Ordinance 620, Section 4 , as amended, and K.C.C. 4.04.060 are
810 hereby amended to read as follows:

811 A. The county executive shall annually cause to be prepared and published a
812 comprehensive financial report covering all funds and financial transactions of the county
813 during the preceding fiscal year.

814 B. The county auditor shall periodically prepare and publish the results of
815 examinations performed by his office of the effectiveness and efficiency of the operation
816 of county agencies.

817 C. The Office of the State Auditor, Division of Municipal Corporations, annually
818 issues the results of their examination of the financial affairs and transactions of the
819 county.

820 D.1. By February 1 of (~~1982 and~~) each year (~~thereafter~~), the executive shall
821 develop and transmit to the council an allotment plan for each county agency based on
822 the budget adopted by the council as required in Section 410 of the King County Charter.

823 2. Within five weeks after the end of each quarter, the executive shall notify the
824 council of those agencies whose expenditures have deviated from the quarter's allotment
825 by five percent. For those agencies which have exceeded that quarter's allotment by five
826 percent the executive shall propose an expenditure plan designed either to eliminate the
827 need for a budget increase or to identify the source and amount of a proposed
828 supplemental appropriation, or both.

829 3. At the end of each quarter, all allotted but unexpended funds which exceed
830 five percent of that quarter's allotment for each council appropriated program shall be
831 transferred to the appropriate allotment reserve account. Within five weeks of the end

832 of each quarter, the executive shall inform the council of all transfers of allotted but
833 unexpended funds to or from, or to and from, each allotment reserve account.

834 4. (~~This section shall not apply to individual C.I.P. projects approved by the~~
835 ~~council.~~) At the end of each quarter the executive shall develop and transmit a
836 "Quarterly management and budget report". This report is prepared quarterly by the
837 director of the office of performance, strategy and budget that:

838 a. Presents executive revisions to the adopted financial plan or plans;

839 b. Identifies significant deviations in agency workload from approved levels;

840 c. Identifies potential future ordinances with fiscal effects with a brief
841 discussion of the rationale for each potential ordinance;

842 d. Identifies significant variances in revenue estimates;

843 e. Reports information for each appropriation unit on the number of filled and
844 vacant full-time equivalent and term-limited temporary positions and the number of
845 temporary employees;

846 f. Includes the budget allotment plan information required under K.C.C.
847 4.04.060; and

848 g. Describes progress towards transitioning potential annexation areas to cities;
849 and

850 h. Reports scope, schedule and budget status for baselined capital projects with
851 total estimated cost greater than one million dollars. For mandatory phased appropriation
852 projects in the construction phase the report shall summarize the top risks in the risk
853 register, summarize change orders, explain change orders that have the cumulative

854 potential to carry the project over project baseline and summarize the results of the latest
855 earned value analysis.

856 **5. Capital Improvement Program Revenue Verification Report:** An annual
857 revenue verification report will determine the continued availability of revenue backing
858 for capital budget authority automatically carried over from the prior year in each fund.
859 The report with revenue verification documentation, budget changes to ordinance
860 projects as needed, and verification of prior year fund level contingency project transfers
861 will be transmitted no later than May 31 of each year.

862 SECTION 10. Ordinance 12076, Section 5, as amended, and K.C.C. 4.04.200 are
863 hereby amended to read as follows:

864 A.4. The executive shall be responsible for the implementation of all CIP projects
865 pursuant to adopted project scope, ((budgets and)) schedules, and budget. ~~((However,~~
866 ~~major maintenance reserve fund CIP projects may be implemented in accordance with the~~
867 ~~major maintenance reserve fund capital improvement budgeting procedures in K.C.C.~~
868 ~~4.04.265, road CIP projects may be implemented in accordance with the roads capital~~
869 ~~improvement budgeting procedures in K.C.C. 4.04.270, solid waste CIP projects may be~~
870 ~~implemented in accordance with the solid waste capital improvement budgeting~~
871 ~~procedures in K.C.C. 4.04.273, surface water management CIP projects may be~~
872 ~~implemented in accordance with the surface water management capital improvement~~
873 ~~budgeting procedures in K.C.C. 4.04.275 and wastewater CIP projects may be~~
874 ~~implemented in accordance with the wastewater capital improvement budgeting~~
875 ~~procedures in K.C.C. 4.04.280~~

876 ~~2. At least fifteen days before advertising for construction bids for any capital~~
877 ~~project, the council chair and councilmembers in whose district construction will take~~
878 ~~place shall be notified. The notification shall include project identification, advertising~~
879 ~~dates and a summary description of the work to be performed, though failure to comply~~
880 ~~with this provision shall not delay bid advertisement.~~

881 ~~B.1. The executive shall be responsible for implementation of adopted CIP~~
882 ~~projects to ensure their completion on schedule and within adopted budgets. However,~~
883 ~~major maintenance reserve fund CIP projects may be reprogrammed in accordance with~~
884 ~~K.C.C. 4.04.265, roads CIP projects may be reprogrammed in accordance with K.C.C.~~
885 ~~4.04.270, solid waste CIP projects may be reprogrammed in accordance with K.C.C.~~
886 ~~4.04.273, surface water management CIP projects may be reprogrammed in accordance~~
887 ~~with K.C.C. 4.04.275 and wastewater CIP projects may be reprogrammed in accordance~~
888 ~~with K.C.C. 4.04.280.~~

889 ~~2. The budget for each major maintenance reserve fund CIP project shall not~~
890 ~~exceed by more than fifteen percent the amount specified for that project in the adopted~~
891 ~~six year major maintenance reserve fund CIP, except when the amount is modified by~~
892 ~~ordinance or in accordance with the CIP exceptions notification process. The budget for~~
893 ~~each roads CIP project shall not exceed by more than fifteen percent the amount specified~~
894 ~~for that project in the adopted six year roads CIP, except when the amount is modified by~~
895 ~~ordinance or in accordance with the CIP exceptions notification process. The budget for~~
896 ~~each solid waste, surface water management and wastewater CIP project shall not exceed~~
897 ~~by more than fifteen percent the amount specified for that project in the adopted six year~~

898 solid waste, surface water management or wastewater CIP, except when the amount is
899 modified by ordinance or in accordance with the CIP exceptions notifications process.

900 ~~3. The executive may select consultants on all CIP projects. The executive shall~~
901 ~~implement this section by establishing rules and procedures that provide for consultant~~
902 ~~selection, ongoing CIP design review and project implementation.))~~

903 ~~C.~~ All above-grade CIP projects shall be subject to the following process and
904 supporting definitions:

905 1. a. "Operational master plan" means a comprehensive plan for an agency
906 setting forth how the organization will operate now and in the future. An operational
907 master plan shall include the analysis of alternatives and their life cycle costs to
908 accomplish defined goals and objectives, performance measures, projected workload,
909 needed resources, implementation schedules and general cost estimates. The operational
910 master plan shall also address how the organization would respond in the future to
911 changed conditions.

912 b. An operational master plan shall be developed by the agency requesting a CIP
913 project in conjunction with the office of performance, strategy and budget (~~and the office~~
914 ~~of strategic planning and performance management~~)) and shall be submitted to the
915 executive and the council for approval;

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

- 921 b. The capital improvement plan shall include the following elements, where
922 applicable:
- 923 i. general program requirements that define the development scope for specific
924 sites or facilities;
- 925 ii. general space and construction standards;
- 926 iii. prototype floor plans and prototype facility designs for standard
927 improvements;
- 928 iv. space requirements based on the adopted county space plan;
- 929 v. initial, and life-cycle cost, of alternative facilities and locations including
930 lease and lease/purchase approaches;
- 931 vi. approximate location of planned capital improvements;
- 932 vii. general scope and estimated cost of infrastructure;
- 933 viii. a schedule, that extends over a minimum of six years, for the
934 implementation of projects included in capital improvement plans, based on overall user
935 agency priorities and projected available revenue;
- 936 c. The user agency shall prepare the elements of the plan in subsection L.1. a, d,
937 f and h of this section. The implementing agency shall prepare the elements of this plan
938 in subsection L.1. b, c, e and g of this section.
- 939 d. The six-year budget schedule included in the capital improvement plan shall
940 be updated annually in conjunction with the capital budget adoption process.
- 941 e. A capital improvement plan, based upon the adopted county space plan, where
942 applicable, and the approved operational master plan, shall be developed by the user

943 agency with assistance from the implementing agency and shall be submitted to the
944 executive and the council for approval.

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

960 B. A project program plan, based upon the adopted county space plan, where
961 applicable, and the approved operational master plan, shall be developed by the user
962 agency, with assistance from the implementing agency, for each requested CIP. This
963 plan shall be submitted to the executive and the council for approval. This plan shall
964 specify which projects will require a site master plan;

965 4. A. “Site master plan” means a plan prepared by the implementing agency,
966 with input from the user agency, that describes, illustrates and defines the capital
967 improvements required to provide user agency program elements.

968 B. The site master plan shall include preliminary information regarding, at a
969 minimum:

970 a. site analysis, including environmental constraints;

971 b. layout, illustration and description of all capital improvements;

972 c. project scopes and budgets;

973 d. project phasing; and

974 e. operating and maintenance requirements.

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

977 D. The site master plan shall be developed by the implementing agency, with
978 input from the user agency, for capital improvements that involve multiple projects, are
979 complex in nature, or are otherwise identified as requiring such a plan in the project
980 program plan. This plan shall be submitted to the executive and council for approval;

981 5. The executive may exempt smaller scale projects from the requirements in
982 subsection C.1. and 2. of this section if criteria for granting exemptions are established
983 and approved by the council and if the implementing agency certifies the project program
984 plan and related CIP or lease request is in conformance with the adopted county space
985 plan; and

986 6. Capital projects that involve the development of new parks or significant
987 addition to or rehabilitation of existing parks shall require a public meeting in the affected

988 community at the program plan and site master plan stages, before submitting these plans
989 to the executive and council for approval.

990 SECTION 11. Ordinance 7159, Section 7, as amended, and K.C.C. 4.04.210 are
991 hereby amended to read as follows:

992 The council shall review, amend, defer or adopt operational master plans, and
993 facility master plans, facility program plans, CIP project scope (~~cost elements~~),
994 schedule(~~s~~) and (~~total~~) budget in the annual or biennial CIP budget or amendments
995 thereto pursuant to the provisions of the King County Charter.

996 SECTION 12. Ordinance 12138, Section 5, and K.C.C. 4.04.220 are hereby
997 repealed.

998 SECTION 13. Ordinance 12076, Section 6, and K.C.C. 4.04.240 are hereby
999 repealed.

1000 SECTION 14. Ordinance 16764, Section 2, and K.C.C. 4.04.245 are hereby
1001 amended to read as follows:

1002 A. For the purposes of this section:

1003 1. "Capital projects oversight program" means the function within the King
1004 County auditor's office to oversee King County's large capital construction projects ~~that~~
1005 ~~was initially funded within the 2007 annual budget;~~

1006 2. "Earned value management" means an analysis of how much has been
1007 accomplished on a capital project to date compared to the project's planned scope,
1008 schedule and cost. It includes a plan that identifies work to be accomplished, a valuation
1009 of planned work, and predefined earning rules that quantify how to measure the
1010 accomplishment of work;

1011 3. "Eligible capital project" means a capital project as defined in K.C.C.
1012 4.04.020, except it does not include (~~(information technology projects,))~~ transit vehicle
1013 acquisitions, (~~(affordable housing and community development projects that are~~
1014 ~~developed and managed by noncounty entities,))~~ energy savings performance contracts or
1015 lease-based projects;

1016 4. "Estimate at completion" means a forecast of cost and time to complete a
1017 project. The estimate at completion includes the amount of cost and time incurred to date
1018 plus remaining forecasted cost and time;

1019 5. "Mandatory phased appropriation (~~(high risk))~~-project" means an eligible
1020 capital project with characteristics that increase its likelihood of being completed late or
1021 over budget at a potentially significant financial cost or other significant impact to the
1022 county. Whether an eligible capital project is a mandatory phased appropriation ~~high~~
1023 ~~risk~~ project shall be determined by the process in subsection C. of this section;

1024 6. "Joint advisory group" (~~(is))~~ as defined in K.C.C. in 4.04.400 (~~(means the real~~
1025 ~~estate and major capital project review advisory group created in K.C.C. chapter 4.06))~~);

1026 7. "Lease-based project" means a project where a lease-purchase or lease-
1027 leaseback agreement is proposed, pursuant to chapter 35.42 RCW, that transfers
1028 construction risk to a developer or not-for-profit intermediary and provides the
1029 contractual basis for obtaining funding from a third party to finance construction of the
1030 project;

1031 8. "Project baseline" means the scope, schedule and budget set at the conclusion
1032 of the preliminary design phase when the preferred alternative has been selected and
1033 design has progressed adequately to make reasonable and informed commitments, at

1034 thirty to forty percent design. Project baseline is used as a basis for variance reporting
1035 and performance measurement;

1036 9. "Project management plan" means a formal document that defines how the
1037 project is executed, monitored and controlled. The objective of the project management
1038 plan is to define the approach and schedule to be used by the project team to deliver the
1039 intended project scope.

1040 10. "Risk register" means a document that identifies potential events that could
1041 impact cost, schedule, or scope. The document formulates plans for addressing those
1042 risks.

1043 11. "Rough order of magnitude cost estimate" means an early cost estimate
1044 based on approximate cost models; and

1045 12. "Total project cost estimate" means the estimated project cost from the start
1046 of planning through project closeout. If the project has a range of potential project costs,
1047 the total project cost estimate is the highest cost in the range.

1048 B.1. For any eligible capital project with a total project cost estimate of over ten
1049 million dollars, the executive shall transmit risk score results to the joint advisory group
1050 each year in accordance with the process identified in subsection C.1. of this section
1051 under the following circumstances:

1052 a. the appropriation request for the project will be over two hundred thousand
1053 dollars or the appropriation request plus the project's prior appropriations will collectively
1054 exceed two hundred thousand dollars;

1055 b. the project has not yet had a mandatory phased appropriation (~~high risk~~)
1056 determination from the joint advisory group that was made after setting the project
1057 baseline; and

1058 c. the project has not entered the construction phase.

1059 2. The mandatory phased appropriation (~~high risk~~) determination by the joint
1060 advisory group shall be made in accordance with the process outlined in subsection C. of
1061 this section.

1062 3. Mandatory phased appropriation (~~high risk~~) projects shall provide
1063 supporting data in accordance with the requirements of subsections F. through H. of this
1064 section beginning with the next phase for which appropriation authority is requested.

1065 C.1. The capital projects oversight program shall develop a risk scoring
1066 instrument for assessing whether an eligible capital project is a mandatory phased
1067 appropriation (~~high risk~~) project. The instrument shall be submitted to the joint advisory
1068 group for its approval.

1069 2. The risk scoring instrument shall be used by the implementing agency to
1070 generate a risk score for all projects that are required to be scored under subsection B.1.
1071 of this section.

1072 3. The risk scoring instrument shall use information such as complexity of
1073 regulatory requirements, interdependencies with other projects and programs, schedule
1074 constraints, implementing agency resources, project delivery method, complexity of
1075 property acquisition issues, public impact, risks inherent to the likely construction
1076 technology, or any other issues that could have a significant impact on the ability of the
1077 project to meet baseline scope, schedule or budget.

1078 4. The implementing agency director shall ensure that the risk scoring has been
1079 completed by ~~((qualified))~~ staff trained to use the risk scoring instrument who does not
1080 report to the project manager, to anyone who reports to the project manager, or to anyone
1081 to whom the project manager directly reports.

1082 5. Sixty days prior to annual or biennial budget transmittal ~~((By March 1,))~~ the
1083 executive shall provide to the joint advisory group the ~~((electronically transmit all))~~ risk
1084 score results for eligible capital projects that require a risk score that year ~~((to the clerk of
1085 the council, who will retain an electronic copy and distribute electronic copies to the
1086 manager of the capital projects oversight program and the co chairs of the joint advisory
1087 group or their designees, except that scoring results for eligible capital projects that
1088 received appropriations in 2010 shall be transmitted to the clerk of the council by July 31,
1089 2010.))~~

1090 6. Thirty days prior to annual or biennial budget transmittal ~~((By the end of the
1091 first quarter of each year, or by the end of the third quarter in the year in which this
1092 ordinance is enacted,))~~ the office of performance, strategy and budget will provide to the
1093 joint advisory group the preliminary list of projects likely to be identified as mandatory
1094 phased appropriation projects in the proposed budget; ~~((in consultation with the capital
1095 projects oversight program and using the risk scores for guidance, shall determine which
1096 projects for which it has received risk scores are high risk projects. The joint advisory
1097 group may change the risk status of any of those projects when the joint advisory group
1098 receives an updated risk score.))~~

1099 7. The capital projects oversight program may recommend to the joint advisory
1100 group changes to the risk scoring instrument, but a new risk scoring instrument may be

1101 used only if the joint advisory group approves the instrument and provides an effective
1102 date for agency use of the revised instrument.

1103 ~~((8. The joint advisory group shall file an electronic list of all eligible capital
1104 projects for which it has changed the high risk status designation, including risk score and
1105 change in high risk status, with the clerk of the council who will retain an electronic copy
1106 and distribute electronic copies to the chair of the budget and fiscal management
1107 committee or its successor and the manager of the capital projects oversight program.~~

1108 ~~9. Each agency or department that has at least one eligible capital project with a
1109 total project cost estimate of over ten million dollars should have at least one project
1110 designated as a high risk project by the joint advisory group.))~~

1111 ~~—————10. The executive may designate any eligible capital project as a mandatory
1112 phased appropriation ((high risk))project by letter to the council or the council may
1113 designate any eligible capital project as a mandatory phased appropriation ((high risk)).~~

1114 D. For purposes of identifying when an eligible capital project has entered a
1115 particular phase and when subsections F. through H. of this section apply, phases include
1116 preliminary design, design, construction and close-out, ~~((and the following characteristics
1117 shall be used as a guide:~~

1118 ~~—————1. The preliminary design phase is when evaluation and analysis of potential
1119 project alternatives occurs. Based on analysis, the preferred alternative is selected and
1120 designed sufficiently to establish a project baseline, at thirty to forty percent design.
1121 Activities requiring long lead times, such as land acquisition or permitting may be
1122 initiated during this phase. Some planning activities may occur prior to the preliminary
1123 design phase;~~

1124 ~~—————2. The design phase is the time during which design is completed, permits and~~
1125 ~~other permissions are secured, and necessary land, rights-of-way, and easements are~~
1126 ~~acquired so that the project (or staged elements of the project consistent with the project~~
1127 ~~management plan) can proceed to construction. The design phase also includes~~
1128 ~~development of a cost estimate, plans, specifications and a bid package. It is expected~~
1129 ~~that the range of uncertainty associated with project cost estimates decreases as the~~
1130 ~~design progresses. Activities to procure materials and equipment that require long lead~~
1131 ~~times may be initiated during this phase. For projects with alternative delivery methods,~~
1132 ~~such as general contractor construction manager projects, the design phase may include~~
1133 ~~some construction activities that occur before completion of project plans and~~
1134 ~~specifications;~~

1135 ~~—————3. The construction phase is the time during which the project is constructed or~~
1136 ~~implemented. This also includes the testing, inspection, adjustment, correction and~~
1137 ~~certification of facilities and systems to ensure that the project performs as specified. The~~
1138 ~~construction phase ends with final acceptance of the project; and~~

1139 ~~—————4. Close out follows final acceptance and consists of administrative processes~~
1140 ~~and associated accounting activities to close out all contracts. It may include multi-year~~
1141 ~~monitoring. It should comprise no more than three percent of the total project cost.))~~

1142 E.1. When submitting a capital budget appropriation ordinance or an additional
1143 or amended capital budget appropriation ordinance to the council that includes an
1144 appropriation for a mandatory phased appropriation ~~((high risk))~~ project, the executive
1145 shall submit supporting data as identified in subsections F. through H. of this section,~~;~~ or
1146 ~~((For any item required by subsections F. through H. of this section that the executive~~

1147 ~~does not provide with the appropriation request, the executive shall~~) provide a detailed
1148 explanation of why it cannot be provided and, if the item is to be provided later, identify
1149 the date by which the item will be provided.

1150 2. For some eligible capital projects, one or more phases may run concurrently,
1151 such as projects requiring staged construction due to site constraints or operational needs,
1152 or performed under a declaration of emergency. Some nonconstruction eligible capital
1153 projects, such as land acquisition, may not utilize all of the capital project phases.

1154 ~~((a-))~~ When submitting a capital budget appropriation ordinance or an
1155 additional or amended capital budget appropriation ordinance to the council where the
1156 appropriation request encompasses work performed in more than one phase of a
1157 mandatory phased appropriation ~~((high risk))~~ project, not including the close-out phase,
1158 the executive shall submit as supporting data an explanation of the cost and schedule
1159 factors necessitating appropriation for more than one phase. The executive shall also
1160 submit as supporting data a schedule for reporting those supporting items required by
1161 subsections F. through H. to the council. The schedule and items to be reported shall
1162 match milestones identified in the project management plan. The reports shall be filed
1163 with the clerk of the council for distribution to the chair of the budget and fiscal
1164 management committee or its successor.

1165 ~~((b. The council should consider placing expenditure restrictions upon the
1166 appropriation that release funds contingent upon appropriate further action.))~~

1167 F. When submitting a capital budget appropriation ordinance or an additional or
1168 amended capital budget appropriation ordinance to the council that encompasses work
1169 performed in the preliminary design phase of a mandatory phased appropriation ~~((high~~

1170 risk)) project, the appropriation request may include up to ten percent of the funding for
1171 the design phase. The executive shall, in addition to the requirements of section 4 of this
1172 ordinance, provide the following supporting data:

- 1173 1. Identify design criteria;
- 1174 2. Provide an estimate of preliminary design costs, start and end dates for the
1175 preliminary design phase, and a rough order of magnitude cost estimate, which may be
1176 expressed as a range, for design and construction phases;
- 1177 3. Provide a planned schedule that shows the anticipated start and finish dates
1178 for each major task for the preliminary design phase, and for the design and construction
1179 phases, provide the anticipated start and finish dates for major work through completion;
- 1180 4. Identify stakeholders;
- 1181 5. Identify regulatory requirements and highlight any regulatory requirements
1182 that increase project risk; and

1183 G. When submitting a capital budget appropriation ordinance or an additional or
1184 amended capital budget appropriation ordinance to the council that encompasses work
1185 performed in the design phase of a mandatory phased appropriation (~~(high-risk)~~) project,
1186 the executive shall, in addition to the requirements of section 4 of this ordinance, provide
1187 the following supporting data:

- 1188 1. Describe the alternatives considered, including a summary of life-cycle cost
1189 analysis performed for feasible alternatives progressing to further design, and identify the
1190 recommended alternative or alternatives with detailed scope description;
- 1191 2. Provide a summary of the results of a formal schedule and cost risk
1192 assessment conducted by an external consultant or staff who does not report to the project

1193 manager, to any person who reports to the project manager, or to anyone to whom the
1194 project manager directly reports;

1195 3. Provide the project baseline, if set by the time of the appropriation request;

1196 4. Certify that the implementing agency completed a cost estimate validation
1197 process to provide an independent evaluation of the project's cost estimates using an
1198 external consultant or staff who does not report to the project manager, to any person who
1199 reports to the project manager, or to anyone to whom the project manager directly
1200 reports;

1201 5. Certify that significant progress has been made in environmental review and
1202 public outreach, identify steps remaining in the environmental review process, and
1203 summarize major issues;

1204 6. Identify permits, acquisitions, and relocations, address mitigations, and
1205 highlight any of these that increase project risk to scope, schedule or budget;

1206 7. Certify that application for external funding has begun, if applicable; and

1207 8. For projects with alternative delivery methods that contemplate a need for
1208 early construction costs, provide an explanation of the need.

1209 H.1. When submitting a capital budget appropriation ordinance or an additional
1210 or amended capital budget appropriation ordinance to the council that encompasses work
1211 performed in the construction phase of a mandatory phased appropriation (~~high risk~~)
1212 project, the executive shall, in addition to the requirements of K.C.C. 4.04.~~((247))~~ 030,
1213 provide the following supporting data:

1214 a. certify that plans, specifications, estimates and contract documents reflect a
1215 level of design completion that is sufficient to support a final cost estimate and schedule

1216 for proceeding to procurement and specify the ready date for proceeding with the selected
1217 procurement method for the project;

1218 b. certify that all required nonconstruction permits are in place in accordance
1219 with the project management plan or provide status of pending approvals and the
1220 expected date of receipt;

1221 c. certify that all land acquisition, lease documents, and partnership agreements
1222 are in place in accordance with the project management plan or provide status of pending
1223 actions and expected date of receipt; and

1224 d. certify that the implementing agency completed a cost estimate validation
1225 process to provide an independent evaluation of the project's cost estimates using an
1226 external consultant or staff who does not report to the project manager, to any person who
1227 reports to the project manager, or to anyone to whom the project manager directly
1228 reports.

1229 ~~((2. The executive shall provide quarterly reports during the construction phase
1230 of a mandatory phased appropriation high risk project. The quarterly report shall address
1231 performance relative to project baseline, highlight any significant variance from project
1232 baseline, summarize the top risks in the risk register, summarize change orders, explain
1233 change orders that have the cumulative potential to carry the project over project baseline
1234 and summarize the results of the latest earned value analysis. Five copies of each report
1235 shall be filed with the clerk of the council, who shall retain a copy and distribute copies to
1236 the chair of the budget and fiscal management committee or its successor, the co chairs
1237 of the joint advisory group or their designees and the manager of the capital projects
1238 oversight program.))~~

1239 I.1. The implementing agency shall establish and maintain a risk register for each
1240 mandatory phased appropriation ~~((high risk))~~ project. ~~((The risk register shall be~~
1241 ~~developed consistent with industry standards.))~~

1242 2. The implementing agency shall update the risk register at least quarterly, or
1243 more frequently should significant changes or additions be identified by the
1244 implementing agency.

1245 J.1. The implementing agency shall employ earned value management on
1246 mandatory phased appropriation ~~((high risk))~~ projects to forecast unfavorable variations
1247 in final project cost or completion date, based on progress to date.

1248 2. Agencies shall apply earned value management tools and methods to the
1249 design and construction phases for mandatory phased appropriation projects. The earned
1250 value management tools and methods, and the format and level of detail reported, shall be
1251 appropriate for the phase of the project and the associated level of certainty regarding
1252 cost and schedule estimates. Tools for earned value management may include
1253 forecasting estimate at completion for design phase and use of earned value analysis for
1254 the construction phase.

1255 3. The analysis shall be updated at least quarterly ~~((monthly))~~.

1256 SECTION 15. Ordinance 16764, Section 4, and K.C.C. 4.04.247 are hereby
1257 repealed.

1258 SECTION 16. Ordinance 7159, Section 13, as amended, and K.C.C. 4.04.250 are
1259 hereby repealed.

1260 SECTION 17. Ordinance 10489, Sections 1-4, as amended, and K.C.C. 4.04.260
1261 are hereby amended to read as follows:

1262 County Forces may perform public works pursuant to the restrictions contained in
1263 state law and county charter.

1264 ~~((A. As used in this section:~~

1265 ~~–1. "Construction" means the creation of a new building or structure or~~
1266 ~~significant expansion of an existing structure, rather than repair, alteration, renovation, or~~
1267 ~~improvement of something already existing.~~

1268 ~~–2. "Ordinary maintenance" means the routine work necessary to keep county~~
1269 ~~facilities in that condition of good upkeep and repair necessary for safe and efficient~~
1270 ~~continued use.~~

1271 ~~–3. "Alteration, renovation or improvement" means to alter or improve~~
1272 ~~something already existing and the alterations or improvements do not constitute~~
1273 ~~"construction" or "ordinary maintenance" as defined above.~~

1274 ~~–4. "Responsible Official" means the department head given line responsibility~~
1275 ~~by either the King County Charter or county ordinance for an individual capital project or~~
1276 ~~capital improvement program.~~

1277 ~~B. King County forces may perform ordinary maintenance when the skills~~
1278 ~~necessary to perform a particular maintenance task are readily available from in-house~~
1279 ~~staff. The department head responsible for the project will make a determination as to~~
1280 ~~whether the skills necessary to perform a particular maintenance task are readily available~~
1281 ~~from in-house staff. At dollar amount thresholds specified in State law cConstruction of~~
1282 ~~public buildings and works, other than county road projects having a value of less than~~
1283 ~~twenty-five thousand dollars, shall be performed by independent contractors. Subject to~~
1284 ~~the provisions of this section, the alteration, renovation or improvement (other than~~

1285 ordinary maintenance) of public buildings and works may be performed or accomplished
1286 by King County forces when the county determines it is necessary or advisable to do so,
1287 but subject to the publication requirements prescribed by RCW 39.04.020.

1288 C. ~~With respect to the county capital improvement program, the capital~~
1289 ~~improvement section of the budget shall include an identification of those projects in~~
1290 ~~which it is necessary or advisable to use county force labor. The county council's~~
1291 ~~adoption of a budget for an individual capital project where use of county force labor is~~
1292 ~~proposed by the county executive shall constitute the county's determination that use of~~
1293 ~~county force labor on an individual capital project is necessary or advisable.~~

1294 ~~———— D. In making the determination as to whether it is necessary or advisable to use~~
1295 ~~King County forces during the construction phase of any particular capital project, the~~
1296 ~~responsible official(s) shall give due regard both to considerations of fiscal prudence and~~
1297 ~~efficiency and to which mode of accomplishing the project best advances the public~~
1298 ~~interest. Among factors to be considered and balanced are:~~

1299 ~~———— 1. Whether the skills necessary to perform the particular tasks are readily~~
1300 ~~available from in house county staff.~~

1301 ~~———— 2. Whether the work to be done is of reasonably limited scope and duration.~~

1302 ~~———— 3. Whether the work to be done would expose the county to a danger of~~
1303 ~~extraordinary work compensation or third party liability claims.~~

1304 ~~———— 4. Whether adequate consideration has been made of subcontracting out such~~
1305 ~~portions of an overall capital project as best lend themselves to such a procedure.~~

1306 ~~———— 5. Whether the county's achievement of W/MBE goals would be seriously~~
1307 ~~impaired by using county force labor on an individual project.~~

1308 ~~6. Whether it is not in the county's interest to achieve a specified guarantee or~~
1309 ~~warranty period on the installation of new equipment or fixtures.))~~

1310 SECTION 18. Ordinance 14743, Section 6, as amended, and K.C.C. 4.04.265 are
1311 hereby repealed.

1312 SECTION 19. Ordinance 13035, Section 5, as amended, and K.C.C. 4.04.270 are
1313 hereby repealed.

1314 SECTION 20. Ordinance 14811, Section 6, as amended, and K.C.C. 4.04.273 are
1315 hereby repealed.

1316 SECTION 21. Ordinance 14552, Section 5, as amended, and K.C.C. 4.04.275 are
1317 hereby repealed.

1318 SECTION 22. Ordinance 14122, Section 6, as amended, and K.C.C. 4.04.280 are
1319 hereby repealed.

1320 SECTION 23. K.C.C. 4.06, as amended by this ordinance, is recodified as a new
1321 section in K.C.C. 4.04 to follow K.C.C. 4.04.260.

1322 SECTION 24. Ordinance 14921, Section 3, and K.C.C. 4.06.010 are hereby
1323 amended to read as follows:

1324 A.) The King County (~~real estate and major capital project review~~) joint
1325 advisory group is hereby established to provide a forum for discussing a schedule of all
1326 legislation and early policy level dialogue between the executive and the council on
1327 major capital project and major real estate matters. The group shall be responsible for the
1328 following:

1329 1.) review the list of upcoming legislative transmittals and discuss scheduling
1330 needs,

1331 2.) review the scope, schedule and budget information for capital projects in the
1332 quarterly report.

1333 3.) review and discuss the project risk scores and preliminary list of projects to be
1334 subject to phased appropriation as required by KCC 4.04.245.

1335 4.) ~~((The joint advisory group should provide the executive and legislative~~
1336 ~~branches of government an opportunity to))~~ explore and discuss emergent projects and
1337 issues, as well as ongoing proposals regarding major capital projects with estimated
1338 overall project cost that exceeds ten million dollars or a project with major policy
1339 considerations and major real estate projects with an estimated value greater than one
1340 million dollars or a real estate project with major policy considerations, and

1341 ~~((The items for discussion by the group should exclude major technology projects~~
1342 ~~considered for development and review that are included in the information technology~~
1343 ~~governance processes pursuant to K.C.C. 2.16.0757 and 2.16.0758.))~~

1344 5.) assist with coordination of capital project and real estate management matters
1345 involving independent elected officials in King County government,

1346 SECTION 25. Ordinance 14921, Section 4, and K.C.C. 4.06.020 are hereby
1347 repealed.

1348 SECTION 26. Ordinance 14921, Section 5, as amended, and K.C.C. 4.06.030 are
1349 hereby amended to read as follows:

1350 A. The group members shall be the lead staff ~~((chair))~~ of the metropolitan King
1351 County council and lead staff of the office of performance, strategy and budget. Group
1352 members may bring staff as needed to support the activities of the group.

1353 (~~(, the chairs of the budget and fiscal management committee and the labor, operations
1354 and technology committee or their successor committees as defined by the council's
1355 organizational motion, and three participants as determined appropriate by the executive,
1356 depending on projects to be discussed. Executive participants may include the facilities
1357 management director, the department of natural resources director, the department of
1358 transportation director or the office of performance, strategy and budget director, as
1359 assigned by the executive.))~~)

1360 B. The group, to be chaired by council or executive staff on an alternating basis
1361 by council or executive staff, shall meet monthly to discuss agenda items provided at
1362 least two days prior to the meeting. (~~(The chair of the metropolitan King County council
1363 and the King County executive, or their designees, shall serve as group cochairpersons.~~)

1364 ~~—— C. Group members may appoint a designee to participate in any meeting on their~~
1365 ~~behalf.~~

1366 ~~—— D. Councilmembers or executive branch persons directly affected by or~~
1367 ~~with specific knowledge of the real estate or major capital project program areas~~
1368 ~~to be discussed at a monthly meeting may be invited by any group member to~~
1369 ~~participate as ex officio members during consideration of that program area.))~~

1370 SECTION 27. Ordinance 14921, Section 6, as amended, and K.C.C. 4.06.040 are
1371 hereby repealed.

1372 SECTION 28. Ordinance 14921, Section 7, and K.C.C. 4.06.050 are hereby
1373 repealed.

1374 SECTION 29. Ordinance 14482, Section 57, and K.C.C. 4.40.005 are hereby
1375 amended to read as follows:

1376 Words in this chapter have their ordinary and usual meanings except those
1377 defined in this section, which have, in addition, the following meanings. If there is
1378 conflict, the specific definitions in this section shall presumptively, but not conclusively,
1379 prevail.

1380 A. Acquisition Phase is the phase where activities associated with acquisition or
1381 surplus and sale of real property, property rights, or the acquisition of improvements
1382 through direct purchase or capitalized lease agreements occur. This phase typically runs
1383 concurrent with the design phases. ((~~"Acquisition" or "county force acquisition" means~~
1384 ~~the purchase of parcels of land, existing buildings, and structures, and costs incurred by~~
1385 ~~the county for the appraisals or negotiations in connection with such a purchase.))~~

1386 B. "Arts and cultural development fund" means the special revenue fund
1387 established in K.C.C. 4.08.190 to receive and transfer to the cultural development
1388 authority a variety of revenues including, but not limited to, public art revenues.

1389 C. "Client department" means the county department, division or office
1390 responsible for construction or custodial management of a facility or capital improvement
1391 project after construction is complete.

1392 ((~~D. "County force" means work or services performed by county employees.~~))

1393 E. "Cultural development authority" or "authority" means the cultural
1394 development authority of King County established under K.C.C. chapter 2.49.

1395 F. "Equipment and furnishings" means any equipment or furnishings that are
1396 portable and of standard manufacture. "Equipment" does not mean items that are custom
1397 designed or that create a new use for the facility, whether portable or affixed.

1398 G. "Public art fund" means the fund established in K.C.C. 4.08.185.

1399 H. "Public art program" means the county program administered and
1400 implemented by the cultural development authority that includes the works and thinking
1401 of artists in the planning, design and construction of facilities, buildings, infrastructure
1402 and public spaces to enhance the physical environment, mitigate the impacts of county
1403 construction projects, and enrich the lives of county residents through increased
1404 opportunities to interact with art

1405 SECTION 30. Ordinance 12089, Section 9, as amended, and K.C.C. 4.40.015 are
1406 hereby amended to read as follows:

1407 A. All capital improvement projects that are publicly accessible and visible, or
1408 for which there is a need for mitigation, shall contribute to the county's public art
1409 program.

1410 1. The amount of the annual appropriation for public art shall be equal to one
1411 percent of the eligible project costs of those capital improvement projects that meet the
1412 criteria of public visibility and accessibility or need for mitigation. For the purposes of
1413 calculation, eligible project categories shall include capital improvement program
1414 projects for new construction, reconstruction or remodeling of buildings, parks and trails,
1415 commemorative structures, pedestrian and vehicular bridges, surface water management
1416 projects, wastewater treatment projects, transit facility construction projects and solid
1417 waste transfer stations.

1418 2. The following project categories shall be considered ineligible and may be
1419 excluded from the public art program calculation base: roads; airport runways; sewers;
1420 and solid waste landfills. This ineligibility shall not preclude a client department, in
1421 cooperation with the cultural development authority, from proposing a public art project

1422 for a road, airport runway, sewer or solid waste landfill project that presents an
1423 opportunity for the inclusion of public art.

1424 3. At a minimum, the amount budgeted for public art in a capital improvement
1425 project shall be equal to one percent of the following project phases (~~elements~~):
1426 planning, preliminary design, final design, implementation, and close-out (~~conceptual~~
1427 ~~design, design, contracted design, preliminary engineering, construction, contingency,~~
1428 ~~county force design and project administration and construction engineering)). Costs
1429 associated with the predesign phase of the county's capital planning projects meeting the
1430 above criteria and anticipated to result in construction, shall be included in the calculation
1431 for public art.~~

1432 4. The following project elements may be excluded from the budget calculation
1433 for public art: acquisition and equipment and furnishings; (~~and county force~~
1434 ~~acquisition~~). Asbestos abatement may also be excluded from the budget calculation for
1435 art when the costs for asbestos abatement have been calculated and a line item budgeted
1436 for asbestos abatement as been established within the project budget.

1437 5. In all cases, where a capital improvement project has a scope of work that
1438 includes both eligible and ineligible project elements and eligible and ineligible project
1439 categories, the budget for public art shall be calculated, at a minimum, in the eligible
1440 portions of the project.

1441 B. At the time a capital improvement project is proposed, the client department
1442 shall calculate and include a budgeted line item for public art in each eligible project
1443 described in this section. The executive's budget representative shall confirm the
1444 calculations with the cultural development authority and include the agreed-upon

1445 appropriations for public art in the executive's proposed budget. The amounts budgeted
1446 for public art in particular projects may be adjusted to reflect council changes to the
1447 county capital improvement program budget or supplemental budgets. The appropriation
1448 for public art shall be transferred to the arts and cultural development fund and from there
1449 to the cultural development authority as soon as the appropriation is made for the capital
1450 improvement project, and as soon as funds are available.

1451 C. The source of the funds shall not affect the calculation for public art for a
1452 capital improvement project unless the conditions under which the revenue is made
1453 available prevent its use for artistic purposes. In this case, the revenue shall be excluded
1454 from the eligible project costs on which the one percent calculation for art is based.

1455 D. A policy is hereby established to direct the pooling of all public art program
1456 revenues on a departmental basis. Interest generated by public art revenues shall not be
1457 pooled on a departmental basis. However, interest from all revenues shall be pooled
1458 collectively and used for the purposes established in this section.

1459 Pooling affords the opportunity to look at the needs of the county as a whole and
1460 use the public art revenues only in those projects that may have the greatest impact on
1461 communities or offer the best opportunities for artist involvement. Pooling on a
1462 departmental basis affords the opportunity for the cultural development authority and
1463 client departments to work collaboratively on projects that reflect the missions and goals
1464 of individual departments and to ensure that public art projects are adequately funded. It
1465 is not the executive's or council's intent that every capital improvement project which
1466 contributes to the public art fund revenues shall include a public art project. The decision
1467 regarding capital improvement projects that will include a public art project shall be

1468 determined jointly by the cultural development authority and the client department
1469 according to the procedures and criteria in this section and K.C.C. 2.46.150.

1470 E. Revenues shall support the following uses:

1471 1. The selection, acquisition and display of works of art, that may be an integral
1472 part of the project or placed in, on or about the project or other public space;

1473 2. Artist fees, design, planning and predesign service contracts and
1474 commissions;

1475 3. Expenses for technical assistance provided by either architects or engineers,
1476 or both, and to artists in order to design, document or certify the artwork;

1477 4. Repair and maintenance of public artworks accessioned into the county's
1478 public art collection to the extent permissible under generally accepted accounting
1479 principles, grants, contracts and law;

1480 5. Public art program administrative expenses relating to acquiring, developing
1481 or maintaining public art to the extent permissible under generally accepted accounting
1482 principles, grants, contracts and law;

1483 6. Participation by citizens or costs of communicating with and receiving input
1484 from citizens, working with professional artists, introduction of public art to children, and
1485 education of the public about the county's rich cultural and artistic heritage;

1486 7. Documentation and public education material for the public art program;

- 1487 8. Liability insurance for artists; and
- 1488 9. Pilot projects approved by the cultural development authority.
- 1489

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Larry Gossett, Chair

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: None

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The Honorable Larry Gossett
Chair, King County Council
Room 1200
C O U R T H O U S E

April 7, 2011

Dear Councilmember Gossett:

The capital improvement project (CIP) planning, budgeting, implementation and oversight provisions in the King County Code (KCC) have been developed incrementally over the past forty years. These incremental capital program changes are concentrated in the past fifteen years as policy makers have moved aggressively during this time to reduce barriers to project delivery and intergovernmental communication.

A new legislative effort is necessary to modify the current capital project phase definitions to improve alignment with industry best practices. This change linked to the Accountable Business Transformation (ABT) project also offers the County an opportunity to reassess other capital code provisions and streamline the many incremental provisions into an integrated and comprehensive capital section of the KCC. Staff member input from capital programs, the Council, the Council Auditor's Office, and the Council Clerk has resulted in a legislative package that will serve as a more readable, more value added starting point for Council deliberations in the coming months.

The ABT project is not the only catalyst for proposed changes to the capital section of the KCC. In the Service Excellence section of the King County Strategic Plan it is recommended that we strategize to "Implement a unified management system for county operations including budgeting, performance management, service delivery and strategic planning." A framework to achieve a unified management system was outlined in the CIP Executive Order issued in February 2010. This document called for CIP Code changes to improve capital program management, budgeting and performance management while addressing issues raised in recent performance audits.

The resulting package of proposed KCC changes is categorized as follows:

- 1.) modify project phase definitions to align with ABT structure;
- 2.) to improve program management and oversight, reduce KCC variability among the 14 capital programs;
- 3.) improve CIP reporting by adding capital project scope, schedule and budget information to the existing quarterly reports while removing inefficient reporting requirements;

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- 4.) increase communication between the Executive and Legislative branches by improving the content of the quarterly report and expanding the role of the Joint Advisory Group in the discussion of legislation transmittal and review timing;
- 5.) adjust, consolidate and condense the high value features of Code additions approved incrementally over the past 15 years (i.e. flexible budgeting, high risk project procedures, and the Joint Advisory Group);
- 6.) reorganize facility planning sections of the Code in preparation for likely modifications to the planning requirements defined in the Office of Performance, Strategy and Budget (PSB) section of the Code. The legislation likely to be transmitted later this year will improve the integration of strategic plans, business plans and facility and technology infrastructure plans;
- 7.) improve the KCC provisions regarding the purpose and due date of CIP Revenue Verification;
- 8.) ensure consistency with RCW requirements; and
- 9.) reorganize and condense KCC language to improve the usefulness of the KCC to guide CIP planning, implementation and oversight.

It is understood that the quantity and significance of the proposed changes will require a thorough review. To increase the likelihood that the proposed Code changes can be supportive of the ABT project and the upcoming 2012 Executive and Council budget process, it is preferable to have the legislation approved by the end of July. Capital reporting efforts between now and the time of Council adoption will place a priority on improved quarterly reporting rather than the annual reporting proposed to be removed from the KCC.

There is no fiscal effect associated with the adoption of the proposed ordinance.

Should you have any questions, please contact Dwight Dively, Director, Office of Performance, Strategy and Budget, at 206-296-9727.

Sincerely,

Dow Constantine
King County Executive

Enclosure

cc: King County Councilmembers
ATTN: Acting Chief of Staff
Anne Noris, Clerk of the Council
Fred Jarrett, Deputy County Executive, King County Executive Office (KCEO)
Dwight Dively, Director, Office of Performance, Strategy, and Budget (PSB)
Sid Bender, Capital Budget Supervisor, PSB
Caroline Whalen, County Administrative Officer, Department of Executive Services (DES)