

Legislation Text

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File #: 2003-0146, Version: 2

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Clerk 08/21/2003

AN ORDINANCE relating to establishing a flexible response budgeting policy for the major maintenance reserve fund capital improvement program that allows current year budget authorization at the fund total rather than the capital improvement program project level, modifying the major maintenance reserve fund terms and reporting requirements; amending Ordinance 12076, Section 2, as amended, and K.C.C. 4.04.020, Ordinance 12076, Section 3, as amended, and K.C.C. 4.04.030, Ordinance 12076, Section 5, as amended, and K.C.C. 4.04.200, Ordinance 7159, Section 13, as amended, and K.C.C. 4.04.250, Ordinance 12076, Section 8, as amended, and K.C.C. 4.08.005 and Ordinance 12076, Section 29, as amended, and K.C.C. 4.08.250 and adding new sections to K.C.C. chapter 4.04.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. This ordinance establishes a flexible response budgeting policy for the major maintenance reserve fund capital improvement program that allows current-year budget authorization at the fund total rather than the capital improvement program level.

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

**Definitions.** The following terms as used in this chapter shall, unless the context clearly indicates otherwise, have the respective meanings in this section.

- A. "Acquisition of right of way" or "land acquisition" means funds budgeted for the purchase of property rights, excluding county force charges of the real property division.
- B. "Adopted" means approval by council motion or ordinance.
- C. "Agency" means every county office, officer, each institution, whether educational, correctional or other, and every department, division, board and commission, except as otherwise provided in this chapter.
- D. "Allocation" means a part of a lump sum appropriation that is designated for expenditure by specific organization unit and/or specific purposes.
- E. "Allotment" means a part of an appropriation that may be encumbered or expended during an allotment period.
- F. "Allotment period" means a period of less than a fiscal year during which an allotment is effective.
- G. "Appropriations" means an authorization granted by the council to make expenditures and to incur obligations for specific purposes.
- H. "Appropriation ordinance" means the ordinance that establishes the legal level of appropriation for a fiscal year.
- I. "Art" means funds budgeted for the one percent for art program under K.C.C. chapter 4.40 or as otherwise provided by ordinance for a public art program.
- J. "Budget" means a proposed plan of expenditures for a given period or purpose and the proposed means for financing these expenditures.
- K. "Budget document" means a formal, written, comprehensive financial program presented by the executive to the council.
- L. "Capital improvement plan" means a plan that establishes the capital improvements required to implement an approved operational master plan. This plan should extend over a minimum period of six years to define long-range capital improvement requirements and the annual capital improvements budget for a user agency.

1. The capital improvement plan shall include the following elements, where applicable:
  - a. general program requirements that define the development scope for specific sites or facilities;
  - b. general space and construction standards;
  - c. prototype floor plans and prototype facility designs for standard improvements;
  - d. space requirements based on the adopted county space plan;
  - e. initial, and life-cycle cost, of alternative facilities and locations including lease and lease/purchase approaches;
  - f. approximate location of planned capital improvements;
  - g. general scope and estimated cost of infrastructure;
  - h. a schedule, that extends over a minimum of six years, for the implementation of projects included in capital improvement plans, based on overall user agency priorities and projected available revenue;

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

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

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

N. "CIP" means capital improvement program.

O. "CIP exceptions notification" means, except ((in the case of)) for major maintenance reserve fund,

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

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

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

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

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

T. "Council" means the ~~((county council of))~~ metropolitan King County council.

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

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

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

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

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

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

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

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

CC. "Fund" an independent fiscal and accounting entity with a self-balancing set of accounts recording either cash ~~((and/))~~ or other resources, or both, together with related liabilities, obligations, reserves and equities ~~((which))~~ that are segregated for the purpose of carrying on specific activities or attaining certain objectives in

accordance with special regulations, restrictions or limitations.

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

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

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

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

~~((GG.))~~ HH. "Major maintenance reserve fund CIP project" means any major maintenance reserve fund CIP project that is allocated in the adopted six-year major maintenance reserve fund CIP and is appropriated at the major maintenance reserve fund level in accordance with section 6 of this ordinance.

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

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

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

~~((JJ.))~~ LL. "Operational master plan" means a comprehensive plan for an agency setting forth how the organization will operate now and in the future. ~~((H.))~~ An operational master plan shall include the analysis of alternatives and their life cycle costs to accomplish defined goals and objectives, performance measures, projected workload, needed resources, implementation schedules and general cost estimates. ~~((This))~~ The

operational master plan shall also address how the organization would respond in the future to changed conditions.

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

~~((LL.))~~ NN. "Project administration" means funds budgeted for all county costs associated with administering design and construction contracts on CIP projects.

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

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

~~((OO.))~~ QQ. "Quarterly management and budget report" means a report prepared quarterly by the director for major operating and capital funds, which:

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

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

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

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

~~((RR-))~~ TT. "Revenue" means the addition to assets ~~((which))~~ that does not increase any liability, ~~((nor~~ )) does not represent the recovery of an expenditure, ~~((nor))~~ does not represent the cancellation of certain liabilities on a decrease in assets ~~((nor))~~ and does not represent a contribution to fund capital in enterprise and intragovernmental service funds.

~~((SS-))~~ UU. "Roads CIP project" means roads capital projects that are allocated in the adopted six-year roads CIP and are appropriated at the roads CIP fund level in accordance with K.C.C. 4.04.270.

~~((TT-))~~ VV. "Scope change" means, except ~~((in the case of))~~ for major maintenance reserve fund, roads, surface water management and wastewater CIP projects, that a CIP project's ~~((scope is changed if))~~ total project cost increases by ten percent or by fifty thousand dollars, whichever is less. ~~((A))~~ For major maintenance reserve fund, roads, surface water management or wastewater CIP ~~((project's scope is changed if))~~ "scope change" means the total project cost increases by fifteen percent.

~~((UU-))~~ WW. "Site master plan" means a plan prepared by the implementing agency, with input from



the user agency, that describes, illustrates and defines the capital improvements required to provide user agency program elements.

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

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

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

((VV)) XX. "Surface water management CIP project" means a surface water management project that is allocated in the adopted six-year surface water management CIP and is appropriated at the surface water management CIP fund level in accordance with K.C.C. 4.04.275.

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

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

((YY)) AA. "Wastewater CIP project" means wastewater capital projects that are allocated in the adopted six-year wastewater CIP and are appropriated at the wastewater CIP fund level in accordance with K.C.C. 4.04.280.

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

**Contents of the budget document.** The budget documents shall include, but not be limited to, data

specified in this chapter.

A. The budget shall set forth the complete financial plan for the ensuing fiscal year showing planned expenditures, and the sources of revenue from which they are to be financed.

1. The budget document shall include the following:

- a. estimated revenue by fund and by source from taxation;
- b. estimated revenues by fund and by source other than taxation;
- c. actual receipts for first six months ~~((f))~~, January 1 through June 30~~((g))~~, of the current fiscal year;
- d. actual receipts for the last completed fiscal year by fund and by source;
- e. estimated fund balance or deficit for current fiscal year by fund; and
- f. such additional information dealing with revenues as the executive and council shall deem

pertinent and useful.

~~((2. The budget document shall include the following:~~

~~a.))~~ g. tabulation of expenditures in a comparable form by fund, program project, ~~((and/or))~~ or object of expenditure for the ensuing fiscal year;

~~((b.))~~ h. actual expenditures for the first six months ~~((f))~~, January 1 through June 30~~((g))~~, of the current year;

~~((c.))~~ i. actual expenditures for the last completed fiscal year;

~~((d.))~~ j. the appropriation for the current year; and

~~((e.))~~ k. such additional information dealing with expenditures as the executive and council shall deem pertinent and useful.

~~((3.))~~ 2. All capital improvement projects and appropriations shall be authorized only by inclusion in the annual council adopted CIP or any amendment thereto. A bond ordinance is not an appropriation for capital projects. The capital improvement section of the budget shall include:

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

- b. expenditures planned for current, pending, or proposed capital projects during the fiscal year, classified according to proposed source of funds whether from bonds, or any combination of other local, state, federal and private sources;
- c. an alphabetic index to enable quick location of any project contained in the budget;
- d. a discrete number for each project (~~((which))~~) that shall serve to identify it within the capital budget document(~~((;))~~) and all accounting reports;
- e. estimated net annual operating costs associated with each project upon completion or in cases where operating costs are negligible or incalculable, a statement to that effect;
- f. an identification of all CIP projects by council district in which they are located;
- g. CIP projects funded in the budget year, which shall be presented in ~~((a))~~ separate sections of the budget(~~((, or otherwise distinctively identified from five year CIP program of future planned projects and any previously funded projects. However: ))~~).

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

(2) The appropriation for major maintenance reserve fund CIP projects shall be made at the major maintenance reserve fund level in accordance with section 6 of this ordinance.

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

~~((2))~~ ~~((4))~~ ~~((t))~~ The appropriation for roads projects shall be made at the roads CIP fund level in accordance with K.C.C. 4.04.270(~~((;))~~).

~~((3))~~ ~~((5))~~ ~~((w))~~ Wastewater CIP projects shall be presented in the six-year wastewater CIP program (~~((;))~~).

~~((4))~~ ~~((6))~~ ~~((t))~~ The appropriation for wastewater CIP projects shall be made at the wastewater CIP fund level in accordance with K.C.C. 4.04.280(~~((;))~~).

~~((5))~~ ~~((7))~~ ~~((s))~~ Surface water management CIP projects shall be presented in the six-year surface

water management CIP program(~~(; and)~~).

~~((6))~~ (8) ~~((t))~~ The appropriation for surface water management CIP projects shall be made at the surface water management CIP fund level in accordance with K.C.C. 4.04.275;

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

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

j. an enumeration of revised project cost estimates;

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

l. funds previously authorized for the project;

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

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

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

contingency project to a CIP project.

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

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

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

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

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

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

2. The total proposed expenditures shall not be greater than the total proposed revenue. However, this requirement shall not prevent the liquidation of any deficit existing on January 1, 1996.

3. If the estimated revenues in the current expense, special revenue, or debt service funds for the next ensuing fiscal period, together with the fund balance for the current fiscal period exceeds the applicable

appropriations proposed by the executive for the next ensuing fiscal period, the executive shall include in the budget document recommendations for the use of the excess for the reduction of indebtedness, for the reduction of taxation or for other purposes as in his or her discretion shall serve the best interests of the county.

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

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

- a. nonbudgeted departments and programs expenditures and revenues; that is, intragovernmental service funds;
- b. historical and projected agency workload information; and
- c. a brief explanation of existing and proposed new programs, as well as the purpose and scope of agency activities.

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

D.1. Beginning with budget year 2004, the department of executive services shall submit a request for CIP project funding, which shall specify project funding levels on a project by project basis, but which shall be appropriated at the major maintenance reserve fund CIP fund level, stated as an aggregate of individual projects for the budget year in question in accordance with section 7 of this ordinance.

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

E. The department of transportation shall submit a request for CIP project funding, which shall specify project funding levels on a project by project basis, but which shall be appropriated at the road CIP fund level, stated as an aggregate of individual projects for the budget year in question in accordance with K.C.C.

4.04.270. ~~((The director shall annually review and forecast recommended roads CIP projects to the executive.~~

~~2. For projects where a determination of environmental significance has been made pursuant to the state Environmental Policy Act, a study or environmental impact statement or declaration of no significant impact will be prepared by the responsible official. For a determination of environmental significance to be made, the proposal should be at a sufficient stage of contemplation or planning that its principal features can be reliably identified in terms of alternative locations, size, quantities of natural resources involved, changes in land use and general areas of the community and population that may be affected.~~

~~3-))~~ 2. The ~~((executive and))~~ council may require other data from the department that ~~((they deem))~~ that the council considers necessary for review of the budget, wicH may include objects of expenditure and other expenditures categories.

~~((E.1. Beginning with budget year 2002,))~~ F.1. ~~((t))~~The department of natural resources and parks shall submit a request for CIP project funding, which shall specify project funding levels on a project by project basis, but which shall be appropriated at the wastewater CIP fund level, stated as an aggregate of individual projects, including subprojects, for the budget year in question in accordance with K.C.C. 4.04.280. Except for multiyear construction contracts and carryover amounts approved during the annual CIP reconciliation process, appropriations shall be for one year. All construction contracts including multiyear construction contracts shall be appropriated for the full construction amount in the first year. Any multiyear construction contracts longer than three years must be specifically identified in the department of natural resources and parks wastewater CIP budget request. The request for CIP project funding for wastewater asset management shall include categories

of wastewater asset management projects. Wastewater asset management projects shall be appropriated annually at the category level. The executive-proposed CIP shall allocate anticipated expenditures for each wastewater asset management project category as part of the six-year wastewater CIP. For each category, a proposed project list will be appended. ~~((The director shall annually review and forecast recommended wastewater CIP projects to the executive.~~

~~2. Subsection D.2 and 3 of this section also applies to the wastewater CIP development process.))~~

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

~~((F.1. Beginning with budget year 2003,))~~ G.1. ~~((t))~~The department of natural resources and parks shall submit a request for CIP project funding, which shall also specify project funding levels on a project by project basis but which shall be appropriated at the surface water management CIP fund level, states as an aggregate of individual projects, including subprojects, for the budget year in question in accordance with K.C.C. 4.04.275. Except for multiyear construction contracts and carryover amounts approved during the annual CIP reconciliation process, appropriations shall be for one year. All construction contracts including multiyear construction contracts shall be appropriated for the full construction amount in the first year. Any multiyear construction contracts longer than three years must be specifically identified in the department of natural resources and parks surface water management CIP budget request.

~~((2. For projects where a determination of environmental significance has been made pursuant to the state Environmental Policy Act, a study or environmental impact statement or declaration of no significant impact will be prepared by the responsible official. For a determination of environmental significance to be made, the proposal should be at a sufficient stage of contemplation or planning that its principal features can be reliably identified in terms of alternative locations, size, quantities of natural resources involved, changes in land use and general areas of the community and population that may be affected.~~

~~3.))~~ 2. The ~~((executive and))~~ council may require from the department other data that ~~((they deem))~~



that the council considers necessary for review of the budget, which may include objects of expenditure and other expenditures categories.

SECTION 4. Ordinance 12076, Section 5, as amended, and K.C.C. 4.04.200 are each hereby amended to read as follows:

**Executive responsibilities.**

A.1. The executive shall be responsible for the implementation of all CIP projects pursuant to adopted project budgets and schedules. However, major maintenance reserve fund CIP projects may be implemented in accordance with the major maintenance reserve fund capital improvement budgeting procedures in section 6 of this ordinance, road CIP projects may be implemented in accordance with the roads capital improvement budgeting procedures in K.C.C. 4.04.270, wastewater CIP projects may be implemented in accordance with the wastewater capital improvement budgeting procedures in K.C.C. 4.04.280 and surface water management CIP projects may be implemented in accordance with the surface water management capital improvement budgeting procedures in K.C.C. 4.04.275.

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

B.1. The executive shall be responsible for implementation of ~~((council))~~ adopted CIP projects to ensure their completion on schedule and within adopted budgets. However, major maintenance reserve fund CIP projects may be reprogrammed in accordance with section 6 of this ordinance, roads CIP projects may be reprogrammed in accordance with K.C.C. 4.04.270, wastewater CIP projects may be reprogrammed in accordance with K.C.C. 4.04.280 and surface water management CIP projects may be reprogrammed in accordance with K.C.C. 4.04.275.

2. The budget for each major maintenance reserve fund CIP project shall not exceed by more than

fifteen percent the amount specified for that project in the adopted six-year major maintenance reserve fund CIP, except when the amount is modified by ordinance or in accordance with the CIP exceptions notification process. The budget for each roads CIP project shall not exceed by more than fifteen percent the amount specified for that project in the adopted six-year roads CIP, except when the amount is modified by ordinance or in accordance with the CIP exceptions notification process~~((and the))~~. The budget for each surface water management and wastewater CIP project shall not exceed by more than fifteen percent the amount specified for that project in the adopted six-year surface water management or wastewater CIP, except when the amount is modified by ordinance or in accordance with the CIP exceptions notifications process.

3. The executive ~~((shall))~~ may select consultants ~~((soliciting work))~~ on all CIP projects. The executive shall implement this section by ~~((the establishment of))~~ establishing rules and procedures that provide for consultant selection, ongoing CIP design review and project implementation.

C. All above-grade~~((;))~~ CIP projects shall be subject to the following process:

1. An operational master plan shall be developed by the agency requesting a CIP project in conjunction with the director of the office of management and budget and shall be submitted to the executive and the council for approval;

2. A capital improvement plan, based upon the adopted county space plan, where applicable, and the approved operational master plan, shall be developed by the user agency with assistance from the implementing agency and shall be submitted to the executive and the council for approval~~((--Capital projects that involve the development of new parks or significant addition to or rehabilitation of existing parks shall require a public meeting in the affected community at the program plan and site master plan stage, before submitting these plans to the executive and council for approval))~~);

3. A project program plan, based upon the adopted county space plan, where applicable, and the approved operational master plan, shall be developed by the user agency, with assistance from the implementing agency, for each requested CIP. This plan shall be submitted to the executive and the council for

approval. This plan shall specify which projects will require a site master plan;

4. A site master plan shall be developed by the implementing agency, with input from the user agency, for all capital improvements that involve multiple projects, are complex in nature, or are otherwise identified as requiring such a plan in the project program plan. This plan shall be submitted to the executive and council for approval; ~~((and))~~

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

6. Capital projects that involve the development of new parks or significant addition to or rehabilitation of existing parks shall require a public meeting in the affected community at the program plan and site master plan stages, before submitting these plans to the executive and council for approval.

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

**CIP schedule requirements.**

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

B. The ~~((foregoing))~~ requirements ~~((shall))~~ in subsection A of this section do not ~~((preclude))~~ apply to reprogramming appropriations for:

1. ~~((†))~~The major maintenance reserve fund CIP being made at the major maintenance reserve fund level and major maintenance reserve fund CIP projects being reprogrammed, all in accordance with section 6 of

this ordinance;

2. The roads CIP being made at the roads CIP fund level, and roads projects being reprogrammed, all in accordance with K.C.C. 4.04.270((5)) and

~~((shall not preclude appropriations for))~~ 3. ~~((t))~~ The surface water management and wastewater CIPs being made at the surface water management and wastewater CIP fund levels, and surface water management and wastewater projects ((being reprogrammed)), all in accordance with K.C.C. 4.04.275 and K.C.C. 4.04.280. ((All CIP projects involving county staff shall include estimated number of county staff hours in the ensuing fiscal year for each county force project cost element.))

NEW SECTION. SECTION 6. There is hereby added to K.C.C. chapter 4.04 a new section to read as follows:

**Major maintenance reserve fund capital improvement budgeting.**

A. This section establishes procedures required for flexible response budgeting provisions applicable to the major maintenance reserve fund beginning in 2003. Except as specifically provided in this section, budgeting for the major maintenance reserve fund shall be in accordance with other applicable county law.

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

C.1. Implementation of the major maintenance reserve fund CIP shall be in accordance with the project

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

- a. each project's name and number;
- b. project location;
- c. current status of the project;
- d. the year the project first received appropriation authority;
- e. the initial estimate of the project's duration in years, or expected completion date;
- f. the original estimate of the project's total cost;
- g. any revisions to the original estimate of the project's total cost;
- h. total budget, expenditures and encumbrances spanning the project's existence;
- i. for each fiscal year of existence, the appropriation amount, the beginning balance, the summary totals of expenditures and encumbrances and the carryover at the year's end;
- j. identification of any expenditures under the general facility major maintenance emergent need contingency project;
- k. an explanation of scope changes or significant changes to schedule or budget since the last budget approval;
- l. a reallocated major maintenance reserve fund six-year CIP, including a revised program plan, all changes to projects, estimated costs, schedules, and scopes of work to be pursued for the current year, and programmed in the remaining years of the six-year program;
- m. a justification for each project postponement or acceleration;

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

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

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

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

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

the written notice is not provided by the chair of the budget and fiscal management committee, or its successor committee within thirty days of the filing of the reallocation report, the report takes effect on the thirty-first day following the filing of the reallocation report.

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

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

NEW SECTION. SECTION 7. There is hereby added to K.C.C. chapter 4.04. a new section to read as follows:

**Major maintenance financial program.**

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

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

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

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

B. Major maintenance program costs shall be financed by the major maintenance reserve fund. The calculation of the amount necessary to finance facility infrastructure maintenance costs for each building shall be determined by the major maintenance financial model. Proposed changes to the financial model are subject to the reporting requirements in subsection A.2. of this section.

SECTION 8. Ordinance 12076, Section 8, as amended, and K.C.C. 4.08.005 are each hereby amended to read as follows:

**Definitions.** As used in this chapter, the following terms shall have the following meanings:

A. "Manager" means the manager of the finance and business operations division.

B. "First tier fund" means ~~((each))~~ a fund that is listed or described as a first tier fund in ~~((K.C.C.))~~ this chapter ~~((4.08))~~.

C. "Fund manager" means that person holding or exercising the powers of the position or office specified in ~~((K.C.C.))~~ this chapter ~~((4.08))~~ as the manager for each fund. ~~((As to))~~ For any fund ~~((created))~~ for



which no fund manager is designated, the manager of the finance and business operations division shall be (~~deemed to be~~) the fund manager.

D. "Second tier fund" means (~~each~~) a fund that is listed or described as a second tier fund in (~~K.C.C.~~) this chapter ((4.08)) and that is not to be invested for its own benefit under the first paragraph of RCW 36.29.020.

SECTION 9. Ordinance 12076, Section 29, as amended, and K.C.C. 4.08.250 are each hereby amended to read as follows:

**Major maintenance reserve fund.**

A. There is hereby created (~~a new county fund entitled~~) the ((M))major ((M))maintenance ((R))r eserve ((F))fund. This fund shall be a first tier fund as described in (~~K.C.C.~~) this chapter ((4.08)) and the first paragraph of RCW 36.29.020. The manager of the facilities management division shall be the fund manager.

B.~~((1.))~~ The purpose of the major maintenance reserve fund is to provide for the periodic replacement of major building systems and components at (~~certain~~) King County facilities maintained by the facilities management division so that each building will realize its full useful life. Expenditures from this fund shall not be used (~~to accommodate~~) for routine maintenance~~((;))~~ and shall not be used to finance unique program infrastructure investments. Unique program infrastructure investments shall be financed from other appropriate funding sources but may be combined with work financed by the major maintenance reserve fund. For the purposes of this section, "((U))unique program infrastructure investments" ((are)) means those capital expenses unique to a specific building user that are not necessary to maintain the usability and maintenance standard for the building. (~~Such capital investments may be combined with major maintenance reserve fund eligible work but shall be financed from other appropriate funding sources. For the purpose of this section, "major maintenance program plan" means the prioritized list of projects transmitted to the council with, and funded by, the annual major maintenance fund budget request. For the purpose of this section, "major maintenance financial model" means the analytical system for projecting both the cyclical and existing maintenance~~

~~expenses of major county building systems and components, and development of the revenue estimates necessary to fund those expenses.~~

~~2. The major maintenance program shall consist of two primary categories of projects:~~

~~a. Life-cycle projects, which involve a forecast of future expenditures based upon the expected life of building components and systems, their current age, and the cost to repair or replace those components and systems. The major maintenance financial model includes three "life-cycle" categories of facility improvements:~~

~~(1) eight-year "short-cycle" refurbishments, including but not limited to carpet, paint and communications equipment;~~

~~(2) fifteen-year "medium-cycle" refurbishments, including but not limited to lighting fixtures, parking lots and grounds and structures;~~

~~(3) twenty-five-year "long term" renovation, including but not limited to heating, ventilation, air conditioning and electrical systems, walls, doors, roofs and conveyance systems.~~

~~b. Deferred maintenance projects, which entail immediate deficiencies and partially worn systems that would normally be financed within the major maintenance financial model's framework but that already existed when the model was initiated. Deferred maintenance project costs shall be estimated similarly to capital projects; the scope of work is defined, and construction costs are estimated, by the project manager, county staff or consultants. Costs estimates shall include any necessary design work, permitting and overhead associated with the project.))~~

C. Major maintenance program costs are funded by the major maintenance reserve fund. The calculation of the amount necessary to finance ~~((facility infrastructure maintenance costs))~~ the major maintenance reserve fund program is based on ~~((a))~~ the building-specific per-square-foot charge corresponding to ~~((existing deficiencies and current age of))~~ the mix of building systems and ~~((mix of building systems))~~ components and life cycle cost assumptions as determined by the financial model. The financial model shall

include tenant area finishes to include carpet and paint. The major maintenance reserve fund shall be fully funded based on the financial model and funding requirements shall be fulfilled by:

1. ~~((An annual))~~ A transfer of undesignated fund balance in the sales tax reserve contingency fund ~~((balance))~~ in excess of fifteen million dollars;
2. Transfers~~((, which))~~ that are contributions~~((;))~~ from the current expense fund;
3. Transfers~~((, which))~~ that are contributions from the non-current expense fund agencies ~~((in))~~:
  - a. when housed in buildings owned by King County or for which the county is responsible for debt service costs; and
  - b. for a proportional allocation of major maintenance reserve fund costs attributable to space occupied by current expense agencies included in the overhead cost allocation outlined in K.C.C. 4.04.045;
4. Contributions from the operating budgets of current expense ~~((agency operating budgets))~~ agencies that receive partial reimbursement from other jurisdictions; and
5. Other revenue sources, including investment earnings ~~((on the emergency reserve balance. The per square foot charge to current expense agencies is financed primarily from the sales tax reserve and current expense fund transfer to the major maintenance reserve fund.~~

~~D. The following shall be submitted with the annual budget transmittal, except as noted:~~

1. ~~Financial plan. The exact mix of revenues used to finance major maintenance reserve fund expenditures in a given year shall be set forth in a detailed financial plan spanning no less than six years. The mix of revenues may change from year to year, as economic and budgetary circumstances warrant, subject to adoption of the financial plan by the council concurrent with adoption of the annual major maintenance reserve fund appropriation;~~
2. ~~Major maintenance financial model. Any proposed changes to the major maintenance financial model shall be submitted to the council, along with supporting materials that describe how the proposed changes will affect the financing and progress of outstanding major maintenance projects;~~

~~3. Program plan. The major maintenance program plan is the list of projects transmitted to the council with, and funded by, the annual major maintenance fund budget request. The program plan shall be adopted with the annual major maintenance budget allocation. The plan will be prioritized and include project names, project numbers and project appropriation requests. Expenditures may be made only for approved projects on the program plan and total expenditures shall not exceed the aggregate project appropriation level for a given year. The executive shall submit quarterly reports documenting all proposed changes to the program plan and the reasons for those changes, including but not limited to changes that alter project appropriation levels as indicated in the program plan, scope or scheduling of listed projects, or by adding or deleting projects from the program plan; and~~

~~4. Status. The executive shall report annually, by May 30, to the council on the status of scope, schedule and expenditures for all identified projects funded by the major maintenance reserve fund. All planned expenditures shall be consistent with the financial model, financial plan and program plan. These annual reports shall be sorted by building, project status, category (either "life-cycle" or "deferred") and year the project first received appropriation authority, and shall include:~~

- ~~a. each project name and number;~~
- ~~b. project location;~~
- ~~c. current status of the project;~~
- ~~d. whether the project is classified as "life-cycle" or "deferred";~~
- ~~e. the year the project was first identified;~~
- ~~f. the year the project first received appropriation authority;~~
- ~~g. the initial year of construction;~~
- ~~h. the initial estimate of the project's duration in years, or expected completion date;~~
- ~~i. the original estimate of the project's total cost;~~
- ~~j. any revisions to the original estimate of the project's total cost;~~

~~k. current expenditures and encumbrances spanning the project's existence; and~~

~~l. for each fiscal year of existence, the appropriation amount, the beginning~~

~~balance, the summary totals of expenditures and encumbrances and the carryover at the year's end)).~~