

RESOLUTION No. 30365

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A RESOLUTION adopting updated capital and major maintenance planning and funding policies for the City of Seattle and superceding Resolution 28947.

(E V)
DP examined 4-0 (PP)

Introduced: JUL 23 2001	By: DRAGO
Referred: JUL 23 2001	To: Finance, Budget & Economic Development Committee
Referred:	To:
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Passed: 8-6-01	Signed: 8-6-01
Filed: 8/13/01	Published: JTW 389-

8-6-01 Adopted
~~Excused~~ M

Law Department

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Sponsored by:
San Diego

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DP examined 4-0 (PA, NL, RM, RC)

8-6-01 Adopted
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Department

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RESOLUTION 30365

1
2 A RESOLUTION adopting updated capital and major maintenance planning and funding
3 policies for the City of Seattle and superceding Resolution 28947.

4 WHEREAS, as a result of the Citizen's Capital Investment Committee's work on planning and
5 funding for the City's capital infrastructure, the Council adopted Resolution 28947 on
6 August 8, 1994, outlining a strategic capital investment process for the City's capital
7 assets; and

8 WHEREAS, on August 8, 1994, the Council passed Ordinance 117255 related to capital projects
9 funding and establishing a requirement that a fiscal note be prepared to accompany the
10 funding proposal for any major new or expanded capital project; and

11 WHEREAS, on September 20, 1999, the Council adopted Resolution 30025 adopting a Strategic
12 Capital Agenda for the period 1999-2004; and

13 WHEREAS, on November 22, 1999, the Council adopted Resolution 30072 approving general
14 guidelines for improving public knowledge of City partnerships with private and public
15 entities; and

16 WHEREAS, on December 13, 1999, the Council adopted Resolution 30096, concurring with the
17 Mayor's Standard Operating Procedure regarding notice and hearing procedures for
18 certain major capital projects; and

19 WHEREAS, on February 14, 2000, the Council adopted Resolution 30121, endorsing the City of
20 Seattle Environmental Management Program's Sustainable Building Policy; and

21 WHEREAS, the City Council and the Mayor are committed to high standards of financial
22 management; and

23 WHEREAS, adopting and periodically updating and revising financial policies are important
24 steps towards assuring consistent and rational financial management; and

25 WHEREAS, capital and major maintenance planning and funding policies are essential
26 components of financial policies; and

27 WHEREAS, the City Council and Mayor have reviewed the City's capital and major
28 maintenance planning and funding policies and wish to update, clarify, and in certain
instances, change the policies;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
SEATTLE, THE MAYOR CONCURRING, THAT

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1 Section 1. Resolution 28947 is hereby superceded in its entirety, and the policies attached to
2 this resolution (as Exhibit A) are hereby adopted. The Council finds that these attached policies
3 maintain the spirit of the recommendations of the Citizen's Capital Investment Committee (CIC)
4 as embodied in Resolution 28947, but update them in the following ways:

- 5
- 6 a) The CIC's recommendation for major maintenance funding of \$17 million per year
7 (beginning in 1998) is revised to 2001 dollars adjusted for the effects of inflation on the
8 buying power of the dollar.
 - 9 b) The CIC's recommendations regarding capital planning are clarified and updated to
10 reflect the City's current planning processes, and to incorporate more recent processes
11 such as the Strategic Capital Agenda and the neighborhood planning process, into the
12 current financial policies
 - 13 c) The CIC's recommendations for fiscal analysis are updated to reflect the special analysis
14 demands of public-private partnerships, as embodied in Resolution 30025.
 - 15 d) Consistent with the CIC's recommendations, the policies state that decisions regarding
16 the prioritization of specific major maintenance projects will be decentralized, with
17 autonomy and accountability at the individual operating department level.

18 Section 2. The policies attached to this resolution do not apply to the City's utilities. The
19 City's utilities are excluded from these policies because they have separate funding sources for
20 their capital programs, and decisions about utility capital projects are made through the rate
21 setting process.

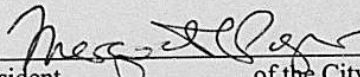
22 Section 3. The Council expresses its continued concurrence with the Mayor's Standard
23 Operating Procedure regarding notice and hearing procedures for certain major capital projects,
24 previously adopted via Resolution 30096, and included as Exhibit B to this Resolution.
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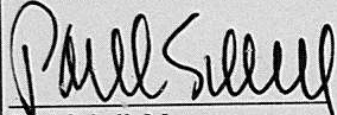
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1 Section 4. By August 2002, the Executive will review the City's major maintenance
2 demands and propose an annual funding level that reflects this updated assessment of the City's
3 capital infrastructure.

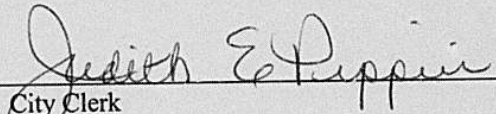
4 ADOPTED by the City Council of the City of Seattle the 6th day of
5 August, 2001, and signed by me in open session in authentication of its adoption this
6 6th day of August, 2001.

7
8 
9 President _____ of the City Council

10 THE MAYOR CONCURRING:

11 
12
13 Paul Schell, Mayor

14
15 Filed by me this 13th day of August, 2001.

16
17 
18 City Clerk

19 (Seal)

20
21 **Attachments:**

- 22 **Exhibit A:** Capital and Major Maintenance Planning and Funding Policies dated July 27,
23 2001
24 **Exhibit A1:** City Partnership Review Process dated 11/22/99
25 **Exhibit A2:** Technology Investment Business Case dated 9/9/97
26 **Exhibit B:** Mayor's Standard Operating Procedures for Certain Major Capital Projects
(approved 12/8/99)



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CITY OF SEATTLE
CAPITAL AND MAJOR MAINTENANCE PLANNING AND FUNDING POLICIES

Introduction

The purposes of the City's Capital and Major Maintenance Planning and Funding Policies are threefold. First, the policies state the principles and other relevant factors that will guide the City's capital funding decisions. Second, the policies describe a general planning process in which decision-making will occur. Finally, for major maintenance needs, the level of annual funding is specified. The City's utilities are excluded from these policies because they have separate funding sources for their capital programs, and decisions about utility capital projects are made through the rate setting process.

These policies have been adopted by the City Council through resolution. They will be reviewed and updated on a five-year cycle, with the next update scheduled for 2006.

Definitions

A major maintenance project is defined as a capital investment that preserves a facility's ability to provide the services for which it was originally intended. Examples of major maintenance projects include the following:

- a) Structural repairs, such as major roof repairs.
- b) Replacement of facility subsystems (HVAC, electrical systems, irrigation systems) when the subsystem has failed, is obsolete beyond repair, or when subsystem replacement is a more cost-effective long-run option than continued maintenance.
- c) Replacement of the facility when replacement is a more cost-effective long-run option than continued maintenance.
- d) Facility modifications required to maintain employee or user safety in an existing building (removing asbestos, installing security lighting, installing fire alarms).
- e) Facility modifications required by federal, state, county, or City law.

A facility improvement project is defined as a capital investment in an existing facility that falls outside the major maintenance definition and makes improvements to a facility without expanding its capacity. Examples of facility improvement projects include cost-saving investments such as energy efficient lighting, and improvements undertaken to maintain the revenue generating capacity of a service or facility.

A new or expanded facility project is defined as a capital investment that expands existing capital infrastructure or creates new capital infrastructure either to carry out existing City services or to perform new services.



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Basic Principles Underlying Strategic Capital Planning

Policy 1. Preserve and maintain existing infrastructure. While building new infrastructure is often seen as more glamorous, maintaining existing infrastructure is critical to ensuring continued service and protection of previous capital investments. Thus, the City is committed to investing at least \$18.7 million per year (stated in 2001 dollars) to maintain and make non-expansion improvements to existing infrastructure (excluding utility and transportation infrastructure which are governed by separate policies). The City intends to make these investments in a cost-effective manner, recognizing that in some cases facility replacement is a better long-run option than continued maintenance. In general, major maintenance projects will be given higher funding priority than facility improvement projects. In 2002, the Executive will review the City's demands for major maintenance and facility improvement projects and propose an annual funding level that reflects this updated assessment of the City's capital infrastructure.

Policy 2. Support the goals of the City's functional plans. Capital investments will be targeted to support the goals of the Comprehensive Plan, recognized neighborhood plans, adopted facility, department, or sub-area Master Plans, and other adopted City functional plans. The City is committed to focus much of its capital effort in those areas targeted for additional growth in the Comprehensive Plan. In addition, the City is committed to supporting the neighborhood planning process, the Parks Comprehensive Plan, the Transportation Strategic Plan, and other City functional master plans, and will ensure that its overall capital strategy is informed by these plans.

Policy 3. Support economic development. The City's ability to fund major maintenance and capital development in the long run depends on the strength of the City's economy and tax base. Therefore, the City will continue to consider economic development effects when setting capital priorities.

Other Capital Planning Factors

Policy 4. Consider external funding possibilities. External funding possibilities should be considered when choosing among projects. Some capital projects are eligible for external support such as grants or private donations. These funding sources may make such projects more cost-effective and preserve City money for other uses.

Policy 5. Consider revenue-generating possibilities. Revenue generating possibilities should be considered when choosing among projects. Some capital projects generate funds directly, such as through admissions tax revenues, which may make a project more cost-effective. Investment in facility renewal may be required to maintain a competitive position in revenue generating facilities or to enhance revenue opportunities.

Policy 6. Seek regional funding for regional projects. Regional funding should be sought for regional projects. The City provides many facilities that are of benefit to the entire region, including the Woodland Park Zoo, the Aquarium, and Seattle Center. To the extent possible, the City will seek regional support for these facilities' capital priorities. Funding from County,

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State, or Special Purpose districts, as appropriate, for these facility investments will be a City priority in formulating legislative and intergovernmental agendas.

Policy 7. Pursue cost-saving investments. The City is committed to pursuing cost-saving investments in its infrastructure. Proposals for such investments will include an analysis of the costs and benefits, and the payback period. Other things equal, funding priority will be given to investments with a shorter payback period.

Policy 8. Pursue conservation and sustainability investments. The City is committed to investing in conservation of natural resources, and to being a leader in investments that promote environmental sustainability, including meeting the LEED Silver standard in all facilities and buildings with over 5,000 gross square feet of occupied space. It is recognized that some investments in sustainable design and construction methods and materials may not easily demonstrate a direct financial payback.

Process for Strategic Capital Investment Planning and Funding

Policy 9. Planning for large capital projects. The Executive will develop a proposed Strategic Capital Agenda by no later than June of the second year of each biennium. The purpose of the Strategic Capital Agenda (Agenda) is to outline the most important capital issues facing the City over the next six years, explore options for financing, and describe possible capital projects that will be submitted to the voters for funding. The Agenda's scope is limited to the capital activities of the general City government, including transportation, libraries, public safety, parks and recreation, cultural facilities, and City office buildings and shops. The Agenda is informed and guided by the City's adopted functional plans, and is intended to support the City's objective that citizens get their money's worth from City government by explaining options and priorities for capital activities. Periodically, because of timing issues, there will be big ticket new or expanded capital projects for the Mayor and City Council to consider that were not included in the Strategic Capital Agenda. Review of these will occur through the appropriate Council committees.

Policy 10. Planning for major maintenance projects and smaller new, expanded, or improvement capital projects. Planning for major maintenance projects and smaller new or expanded capital projects will occur via the City's Six-Year Capital Improvement Program (CIP). In addition, the CIP will comprehensively list the capital projects that have been added/funded since the adoption of the previous CIP. Major maintenance planning in the CIP will be guided by periodic citywide reviews of the City's major maintenance demands. However, once departmental funding is established, the decisions regarding priority of specific major maintenance projects will be decentralized, with autonomy and accountability at the individual operating department level.

Policy 11. Funding for major maintenance and capital projects. Funding decisions for major maintenance and capital projects are generally made as part of the City's annual budget and CIP cycle, or through legislation passed outside the regular budget process. Funding may occur outside the regular budget process because a project responds to an emergency or to a regulatory requirement, because it is time-sensitive or presents unique opportunities for the leveraging of City funds, or for other reasons deemed appropriate by the Mayor or City Council.

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Policy 12. Fiscal analysis requirements for new or expanded capital projects. For capital projects with public-private elements, the public-private partnership protocol described in Resolution 30072 (as may be amended from time to time) will be the template for the fiscal analysis required (attached here as Exhibit A1). For information technology investments, the business case format described in Exhibit A to Resolution 29627 will be the template for the fiscal analysis required (attached here as Exhibit A2). For other capital projects, the Executive will prepare the information noted below. If the project is funded via the annual budget and CIP cycle, this fiscal note information will be provided through the CIP. If the project is funded outside the annual budget and CIP cycle, this information will be provided in the form of a separate fiscal note. If a particular subsection is not relevant to the proposed new or expanded capital project, it will be answered "not applicable." If a proposed new or expanded capital project has several possible options for implementation, each option will be included for analysis in the fiscal note.

- a) Basic project information. This item will include the project's name, sponsoring organization, and a brief description of the proposed project.
- b) Project schedule. This item will describe the project's proposed implementation schedule, the underlying assumptions, and any timing issues.
- c) Estimated design life of project. This item will list the estimated number of years the project will be used.
- d) Total capital cost for the project. This item will list the total estimated capital cost for the project, including the projected costs of meeting the LEED Silver standard in all facilities and buildings with over 5,000 gross square feet of occupied space, and the underlying assumptions.
- e) Estimated operating and maintenance costs for the project. This item will list the estimated annual operating and maintenance expenses, including any annual preventive maintenance and the annual savings of implementing the LEED Silver standard, as well as any underlying assumptions.
- f) Estimated ongoing major maintenance costs for the project. This item will list any periodic major maintenance costs for the project and the underlying assumptions.
- g) Funding sources available to the project. This item will list the funding sources available to the project, and the expected level of funding from each source; both for the capital costs and the ongoing operating and major maintenance costs.
- h) Expected revenue from the project. For projects that are expected to generate revenue, this item will list the estimated annual revenue the City will receive directly from the project, and the underlying assumptions.
- i) Funding sources for replacement of project. This item will list the possible and recommended methods of financing the project replacement costs for projects with a life expectancy of 15 years or less.

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- j) The financial cost of not implementing the project. For projects that are intended to replace existing facilities, and where there is a cost to the City to continue operating and/or maintaining the existing facility, this item will include the estimated costs to the City of not implementing the project, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the project is not implemented.
- k) Possible alternatives to the project which could achieve the same or similar objectives. For projects that have viable alternatives, including using an existing facility to fulfill the uses envisioned by the proposed project, or contracting with an outside organization to provide the services the proposed project would fill, this item will include descriptions of the potential alternatives. This item will also include a present worth comparison of the life cycle costs of the alternatives, including estimated capital costs, annual operating and maintenance costs, major maintenance costs, and revenues.

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EXHIBIT A1

CITY PARTNERSHIP REVIEW PROCESS

TARGETED PARTNERSHIPS

- 1) *Targeted partnerships* subject to review should be limited to partnerships that have been identified as a targeted partnership by the City Council in a resolution in which the City is engaged in a partnership with any of the following: a private or nonprofit entity, a government agency or a Public Development Authority; where the City is seeking benefits for the public that would not otherwise be provided by the private entity; and where both the City and its partner have a financial interest. The City Council shall identify by resolution "targeted partnerships" for the next calendar year prior to year end. The Council may identify additional targeted partnerships by resolution during the year.
- 2) Targeted partnerships automatically subject to these standards should be further limited to those that involve at least \$5 million in City investment. Investment in this case is not limited to cash, but applies more broadly to such things of value as City property and credit (including leases thereof).
- 3) If the Mayor or Council desire to waive the standards identified above and apply the Public-Private Partnership Protocol to partnerships not identified in the previous paragraphs, the Mayor or Council may do so by Executive Order or Council Resolution, respectively.
- 4) Partnerships between Public Development Authorities and private entities (including non-profit organizations) would be subject to these standards whenever they involve \$5 million in City investment and have been identified as a targeted partnership in a Council resolution.
- 5) Housing development partnerships and street vacations in which the City is engaged *shall not* be subject to these standards because the means of defining and reviewing their public benefit is already established.
- 6) Federal funds over which the City has discretion may be subject to these standards. Federal funds which are "passed through" the City, and the recipient designated by a federal agency, should *not* be subject to these standards.

PUBLIC-PRIVATE PARTNERSHIP PROTOCOL

- 1) The attached Public-Private Partnership Protocol (Attachment 1, hereafter known as the "Partnership Protocol") should be initiated and reviewed, to the extent information is available, prior to the time the City commences formal contract negotiations with the targeted partner(s).



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- 2) The City Budget Office (CBO) should make the reviewed Partnership Protocol available to the Council, representatives of the news media, organizations, citizens, and all other interested parties, and should post the document on the City's website.
- 3) The Partnership Protocol should be re-evaluated by the preparing City agency three to five years after the investment is made to determine the extent to which anticipated City costs and public benefits have materialized.

PROJECT PANEL

- 1) A pool of 15 (fifteen) panelists should be selected for the Partnership Panel in the following manner: 5 (five) should be appointed by the Mayor; 5 (five) appointed by the City Council; and 5 (five) appointed by those 10 (ten) panelists. Panelists will be appointed for a two-year term, and can serve a maximum of two terms, for a total of four years. For each individual project to be reviewed, members of the pool shall self-select by nomination and vote of the full panel a minimum of five persons to participate in the review process.
- 2) Panelists should include persons proficient in such areas as real estate, public finance, ethics, neighborhood planning, public engagement, and other special expertise as warranted by the nature of the project. City employees are not eligible to serve on the panel.
- 3) In the interim period between the effective date of the resolution and the functional creation of the panel, the City Budget Office will complete the Partnership Protocol for identified projects.
- 4) The panel should be staffed by the City Budget Office.
- 5) Within the timeframe set by the Mayor and Council, the panel should have the responsibility to review and comment on the Partnership Protocol and other materials submitted by the City. The panel shall examine anticipated City costs and public benefits and work with City agencies to update the Partnership Protocol as additional information becomes available.
- 6) Panelists should participate in the public engagement process carried out by City departments and the City Council.

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Attachment 1

Public-Private Partnership Protocol

A. Overview of Project

B. Profile of Partners

(makeup of partnership; financial and project delivery capacity of private partner; private partner's history as a responsible employer; private partner's history as a responsible environmental steward)

C. Proposed Timetable for Project

D. Financial Transaction Summary

(anticipated sources and uses of funds made available by the City and partners; bonding authority used; special fund source constraints; to the extent possible at the time the Partnership Protocol is drafted, note funds of the type proposed for use that will be remaining if this project is funded)

E. Analysis of Public Benefits (complete attached protocol)

1. Relationship to City Priorities
2. Calculation of Public Benefit
3. Assessment of Related Impacts
4. Applicable State and Local Laws
5. Citizen Engagement

(cover sheet)

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Partnership Protocol

1. Project's Relationship to City Priorities

How does the proposal advance a City priority?

- Is the project consistent with the City Comprehensive Plan?
- With a specific Neighborhood Plan?
- With specific City department plans?

How did the project come to the City's attention?

- Response to a specific Request for Proposal?
- Unsolicited proposal from a private party?
- Sought by a public entity outside the RFP process?

What are the reasons for engaging in a partnership?

- What are the City's reasons for pursuing this project as a partnership rather than alone?
- What are the private party's stated reasons for pursuing the project as a partnership with the City?
- How much will the project cost if a partnership is pursued?
- How much would the project cost if undertaken using only public money?

2. Anticipated Public Benefit

What are the anticipated public benefits of the project?

Please quantify the following:

Economic return

- What is the anticipated increase in tax revenue over the life of the project?
- Is there any other anticipated revenue to the City from the project?
- Was there an independent appraisal of the property? If not, why?

Economic vitality

- How many jobs (construction and other) will be created overall?
- How many jobs will be created for target populations?
- What is the breakdown of wages and employee benefits of the jobs that will be generated?
- What is the potential for the project to be a catalyst for additional development?
- How will this development address or mitigate localized or citywide adverse economic conditions?

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Public amenities

- What other public benefits will be gained from this project?
- In what way has design quality been addressed?

Viable alternatives

- In what ways is a public-private partnership necessary to attaining the public benefit in this case?
- Are there ways to achieve similar benefit with less public funds or no public investment?

Measures of performance

- Through what means will the City seek to assure that the anticipated benefits will materialize?
- What are the safeguards in the agreement?
- What is the mechanism(s) through which the City and its partner will prevent/respond to cost overruns?

3. Assessment of Related Impacts

What is the risk to the City in undertaking the project?

- What is the nature of the risk (financial or other) throughout the life of the project?
- How will assets and liabilities be distributed if and when the project ends?
- How are the risks shared between the private entity and the City?
- What is the risk of *not* taking on the project?

4. Applicable State and Local Laws

- Identify applicable state and local laws and method of compliance.

5. Citizen Engagement

How has the City obtained meaningful citizen input on this project?

- What is the nature and content of citizen input to date?
- What further public engagement is anticipated?

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EXHIBIT A 2

City of Seattle



Format for
Technology Investment Business Case

A Citywide Standard for Information Technology Projects

Prepared by:

*Enterprise Information Technology
Office of Management & Planning
September 9, 1997*

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Format for Technology Investment Business Case

Executive Summary

The Technology Investment Business Case format represents the first step in linking information technology with business improvement. It is designed to provide decision makers with an overview of each proposal and essential information about the investment's business risks, technical risks, and financial impacts; and to ensure that appropriate decision variables are considered for all City technology investments. The benefit of the business case will be a more well-planned and understood technology investment with a higher probability of success and matched expectations.

Each business case should be forwarded to the CTO and OMP, and whenever possible, prepared as part of the City's budget process. Sound business justification will assist departments in gaining resources for projects which produce real value for our stakeholders and the citizens of Seattle. Business case documentation can be used for project documentation and management purposes, as well as to facilitate communications with stakeholders (City Council, the Executive, OMP, City Auditor, ESD and the CTO).

A business case shall be prepared for those investments that would create, replace or change mission critical operational systems or if the proposed concept matches an enterprise-wide strategic goal. Mission critical systems should be identified in each department's technology plan. Characteristics of mission critical systems include:

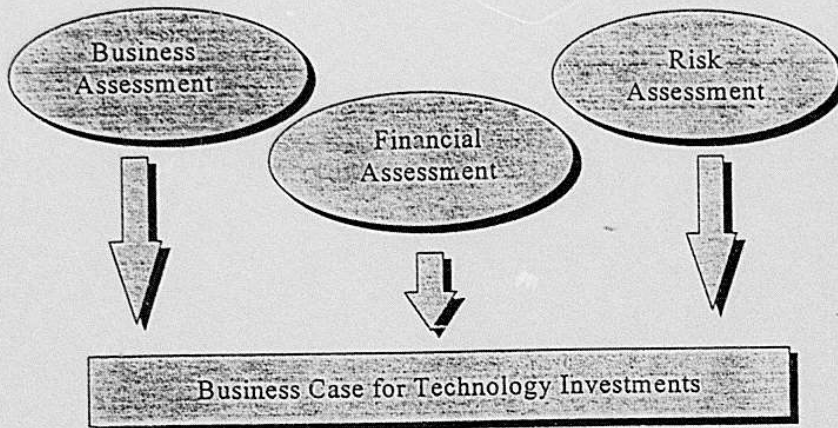
- ◆ The degree of disruption that would occur if the department were forced to operate without the system(s) for any length of time would be significant;
- ◆ The department's ability to operate is highly dependent upon the system(s);
- ◆ Department management relies heavily on the use of system-generated information to control operations;
- ◆ The extent of usage throughout the department is pervasive;
- ◆ Occurrence of immediate and long-term effects on the department of a major error in processing (effort to correct the error, negative publicity, and effect on citizen confidence).

A business case should be prepared, when requested by OMP or the CTO, for lower-impact proposals affecting a single department or enabling the accomplishment of non-strategic objectives. To determine whether you must complete a business case for your investment, answer the questions in *Appendix A*.

The business case provides a consistent and standard presentation format for the results of your analyses. It is not intended as a methodology for conceptualizing, investigating, or selecting technology alternatives.

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There are four sections of the business case:

- ◆ Section 1 is the Technology Investment Summary, which provides a high level, summarized view of the major components of the project.
- ◆ Section 2 is the Business Assessment in which you state the mission of your department, the business objectives, issues, and operational goals being addressed. Proposed system solutions and organizational arrangements are described, highlighting how they further the accomplishment of your mission/objectives/goals. Project duration, costs, resources, and service improvements are also specified.
- ◆ Section 3 is the Financial Assessment in which you detail the project's development costs, proposed operating costs, total net savings or cost during the project life, intangible benefits, economic life, net present value, funding sources and perform sensitivity analyses.
- ◆ Section 4 is the Risk Assessment in which the project's uncertainties and congruence with standards and architectures are evaluated.

The business case should be completed by three different parties. The Business Assessment is to be completed by the designated non-technical sponsor. This is to ensure the business sponsor/ "customer" of technology has a full and complete grasp of the strategic implications, priority, and organizational impacts before committing funds and other resources (e.g., staff) to acquire technology. The Financial Assessment is completed by the department's Finance representative, generally with assistance from the technical sponsor to acquire necessary cost estimates. The Risk Assessment and technology components are completed by the senior technology professional representing the department. When completed, the information should be combined and reviewed by the group to assess financial risk, organizational impacts, and strategic relevance. The benefit will be a more well-planned and understood technology investment with a higher probability of success and matched expectations.

Section 1: Technology Investment Summary

The Technology Investment Summary provides a high level, summarized view of the major components of the project. See *Schedule A* for an example of the Technology Investment Summary form.

A. Project Information and Description

Provide the biennium and beginning budget year for the project, as well as the names of the department and division/program submitting the proposal, the date submitted, the project title, the names and phone numbers of the project lead(s) and sponsor(s). If appropriate, include a list of all organizations involved in the project, and their project participation percentages. Specify whether partnership or other necessary cost sharing agreements have been executed.

B. Investment Analysis Summary

Complete an Investment Analysis Summary for the recommended solution and each alternative considered. Specify the type of technology investment as utility; efficient; effective or strategic. (definitions below). From *Schedule B*, summarize the project's development costs, proposed operating costs, total cost, total net savings or cost during the project life, average annual net savings or cost, economic life, net present value, and return on investment (ROI). Provide the range of possible ROI outcomes on sensitivity analyses performed. Also include a payback period and the rating from *Schedule C* for each alternative's perceived level of risk.

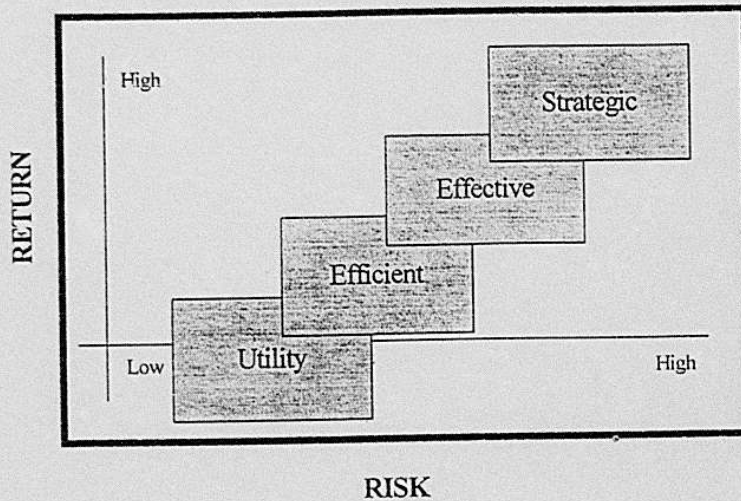
By using classification schemes for IT investments, higher value projects may be identified and investment dollars may be appropriately allocated to achieve greater value from the enterprise's technology portfolio. Your technology investment may fit in more than one classification category, however, choose the category which is most congruent with the majority of identified service impacts:

- ◆ *Utility*: Vital for enterprise survival, but offers no added contribution toward the business objective. May facilitate management of the overall systems environment, or enhance data integrity and availability. May actually decrease overall performance (less is gained than consumed).
- ◆ *Efficient*: Common project type, justified on a cost-reduction business case. Includes investments done for legal or regulatory compliance purposes, as well as reinvestment in the infrastructure to lower on-going costs of operation. Low leverage into the future.
- ◆ *Effective*: Improves the department's external performance; ideally, delivers advantage, not just efficiency. Includes reinvestment in business functions to alter the capabilities of the department. Moves the department closer toward accomplishing its business objectives by improving its ability to produce or deliver its services (e.g., cross-delivery of additional services to citizens, or provision of services to citizens previously not serviced. Less-often implemented than "*efficient* or *utility*" projects.



- ♦ *Strategic:* A rare, direct opportunity to create a permanent return via the creation of revenue/payoffs/opportunities from future IT deployments. Moves the department into new territory with the goal of making dramatic difference—i.e., changing the basis of service delivery or delivery of brand new services or business functions. The expected financial returns and the anticipated risk of a strategic investment are very high.

Investment Classification



Economic life is the estimated period the investment will provide benefits to the department, and is often less than the physical life as technology continues to have physical life despite inefficiency and obsolescence.

Net present values should be calculated for each alternative considered. NPV is the present value of expected future cash flows, discounted at a required rate of return:

$$\text{NPV} = \text{Sum of Discounted Benefits} - \text{Sum of Discounted Costs}$$

Use the discount rate specified by OMP for evaluating investment proposals. Some projects may have a negative net present value, or few or no direct savings or benefits. It is important to note that the financial assessment is but one component of the business case. The financial assessment, including the cost/benefit analysis, will be considered with the business and technology components to evaluate the total merits of the project.

The investment payback period is the length of time required to recover the initial amount of capital investment; it is calculated as follows:

$$\text{Payback Period} = \frac{\text{Total Development Costs}}{\text{Annual Cash Flows}}$$



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Return on investment (ROI) is calculated as follows:

$$\text{ROI} = \frac{\text{(Total Net Savings or Cost divided by Total Project Costs)}}{\text{Economic Project Life}}$$

C. Economic Benefits During Investment Life

Report the department(s) savings or benefits gained by implementing this project from *Schedule B*.

D. CTO Review

To be completed by the CTO.

E. Project Approvals

The signatures of the project lead, project sponsor(s), and department director(s) signify ownership of the business case, compliance with format instructions, disclosure of all relevant risks and department commitment to fund the on-going project operating costs until the project is discontinued. The signatures of the CTO and OMP indicate review and approval or concurrence with the information presented.

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SCHEDULE A: Technology Investment Summary

A. Project Information and Description

Biennium		Budget Year
Department		
Division/Program	Date:	
Project Title		
Project Sponsor	Phone:	
Project Lead	Phone:	
<i>Other Participating Organizations/Jurisdictions:</i>		%
Organization		Phone:
Contact		Phone:
Organization		Phone:
Contact		Phone:
Organization		Phone:
Contact		Phone:

Brief Project Description:

B. Investment Analysis Summary

Investment Analysis Summary (000's)	Recommended Alternative	Alternative 2
1. Investment Classification		
2. Development Costs		
3. Proposed Operating Costs		
4. Total Project Life Cycle Costs (Sum of 1 and 2)		
5. Total Savings or Benefits		
6. Total Net Savings or (Cost) (Sum of 4 and 5)		
7. Avg. Annual Net Savings or (Cost) (6 divided by 8)		
8. Economic Project Life (See page 5)		
9. Investment Net Present Value (See page 5)		
10. Investment Pay Back Period		
11. Return on Investment (ROI) (See page 5)		
12. Perceived Level of Risk (45 = low risk; 0 = high)		
13. ROI Range for Sensitivity Analyses Performed		



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SCHEDULE A: Technology Investment Summary

C. Economic Benefits During Investment Life

Economic Benefits During Investment Life (000's)	Recommended Alternative	Alternative 2
	\$	\$
TOTAL	\$	\$

D. CTO Review

<i>CTO REVIEW</i>	Yes	No
1. Has the department prepared a technology plan?		
2. Has the department's technology plan been approved by department management?		
3. Has the department demonstrated the congruence of this investment with its technology plan?		
4. Has the department demonstrated the consistency of the investment with the City's "Strategic Information Technology Agenda?"		
5. Has the department demonstrated the consistency of the investment with the department's and City's policies, standards and architectures?		
6. Has the proposed investment been coordinated with all appropriate departments, agencies?		
7. Has the department demonstrated an adequate assessment of available technology alternatives?		
8. Does this investment have financial or other enterprise-wide implications beyond those specified in this proposal?		

E. Project Approvals

Responsibility	Approval Signature and Title	Date
Project Lead:		
Project Sponsor(s):		
Department Director(s):		
CTO:		
OMP:		

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Section 2: Business Assessment

In the Business Assessment, describe the mission of your department, the business objectives, issues, and operational goals being addressed. Describe the proposed system solutions and organizational arrangements, and how they further the accomplishment of your mission/objectives/goals. Identify the expected project duration, costs, resources, service improvements, and intangible benefits as specified below.

A. Description of Existing Situation and Problem

Explain the current business and technology processes, the business issues or problems being addressed, and implications of continued operation of the current systems.

B. Description of Proposed Changes

Describe the recommended solution. Clearly define the scope of the project, and indicate whether the project is a prerequisite to, or dependent upon, another system or planned project. Explain the current business and technology processes being modified with respect to customer service, productivity, product/service quality or output, performance and technology. Discuss how this investment allows execution of current business strategies while minimizing vulnerability to changing strategies or technology trends. Discuss the impact on end-users. Describe the transferability to or coordination with other City departments or jurisdictions, and whether other organizations have successfully implemented this solution.

C. Other Alternatives Considered

Describe the alternative solutions considered (including equipment, software and communication strategies) and the associated strengths and weaknesses of each solution. "Status Quo" may be an alternative, but you must explain the reasons why.

D. Description of Proposed Technology

Describe hardware, software, and communication strategies, the strengths and weaknesses of the proposed solution, and any impacts on current City systems. Describe variances to established City architectures and standards. Highlight any necessary changes to the City's technology infrastructure. Describe the product's technology life cycle, including the state of the product market and likely changes in market directions. For new technologies, an external opinion on the state of the market may be appropriate. Identify what organizational arrangements must be made, including implications for asset management and maintenance, service desk, and training requirements for technical support staff and end users. Submit a high-level connectivity chart of hardware and network components, if applicable.

E. Measurements and Major Deliverables

Describe the acceptable levels of achievement over a period of time that are representative of the identified business and technical objectives. Identify measurements and added values/outcomes

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pertaining to customer service, productivity, performance, product/service quality or output, and technology.

F. Roles and Responsibilities

Describe the individual roles and responsibilities for this project, including, if appropriate, steering committees, advisory boards, department and IT management as well as participating staff, consultants and customers. Provide justification for utilization of selected consultants. Discuss the qualifications of the project lead and any limitations on resource availability.

G. Project Management Schedule and Reporting

Provide a high-level schedule of activities and events identifying project structure, milestones, and deliverables. If business process re-engineering is incomplete, highlight the remaining activities to be performed. Include decision points, benchmarks or criteria for continuing, modifying or canceling the project, and a discussion of the feasibility of the schedule. Also discuss your plans for routine project and exception reporting, and explain how specific risk factors identified will be continuously monitored to minimize exposure.

H. Conditions for Project Termination

Describe the conditions under which the project might be significantly modified or should be terminated. Include decision points, benchmarks, or criteria for continuing, modifying or canceling the project in the project schedule.

I. Disposal of Old Technology

Specify plans and schedules for recycling or disposing of technologies replaced or no longer needed by the recommended solution. Proceeds from or costs of disposal should be included in your Financial Assessment.

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Section 3. Financial Assessment

See *Schedule B* for sample Financial Assessment forms. Copies of these forms may also be used for your sensitivity analyses.

A. Development Costs

Submit a configuration list with costs, identifying all development costs over the economic life of the project. Be sure to specify the calendar year for Year 1. Include an estimate of the project's incremental current, new, and third party FTE positions required during project development. Third party positions should include consultants, contractors, and TES, and any other non-City positions.

- ◆ Personnel Services includes total personnel dollars (salaries, wages and benefits) committed to this project.
- ◆ Professional and Outside Services includes all third party consultants, contractors, and other non-City personnel.
- ◆ Training costs should include all costs of conferences, registration, tuition, etc., as well as cost of staff time spent in training for non-project personnel (technical support staff and end users).
- ◆ Hardware development costs should include costs of all related hardware and peripherals.
- ◆ Software costs should include all related applications and systems-related software that might apply to the hardware section above.
- ◆ Communications costs should include all analog and digital related networks, communications processor, software, frame relays, phone switches, LAN/WAN/WEB and other items related to communications.
- ◆ Financing costs should include loan origination fees and interest on outstanding debt.
- ◆ Facilities costs should include improvements or expansions of existing facilities required to support this project, as well as rentals, leases or purchases of new facilities.
- ◆ Licensing and Maintenance fees should include licensing and maintenance fees that might apply to the hardware, software, and communication devices of this project.
- ◆ Other costs should include office, facility, office furniture, and supplies expenses as well as travel and living expenses.
- ◆ Document all assumptions.

Determine the sensitivity of development costs to different values for significant but uncertain variables. Submit sensitivity analyses for possible high and low outcomes.

B. Proposed Operating Costs - Maintenance & Support

Submit a summarized list of all on-going maintenance and support costs over the economic life of the project. Be sure to specify the calendar year for Year 1. Include the project's incremental current, new and third party FTE positions required to provide on-going maintenance and support. Operating costs should include all costs related to operation, maintenance, repair, upgrade and replacement of hardware and software. (See Section A. Development Costs for other cost definitions.)

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Proposed operating costs should be based on assumptions reflecting conditions expected to exist in the specified years. Please document all underlying assumptions (e.g., inflation factors, pricing changes, changes in union contracts, etc.).

Determine the sensitivity of proposed operating costs to different values for significant but uncertain variables. Submit sensitivity analyses for possible high and low outcomes.

C. Summary of Costs by Funding Source

Identify sources of funding such as base budget; new appropriations; debt; State, federal or foundation grants; private sector partnerships or contributions, etc. For projects with debt financing, please specify the term of the debt, expected interest rate, and the percentage of debt utilized for payment of loan origination fees. Please note that any debt incurred by the City requires approval from the Debt Management Policy Advisory Committee (DMPAC) and the City Council.

D. Economic Benefits During Investment Life

Improved performance, quality and improved customer service can produce either a monetary saving on resources and services, or an increase in revenues, depending on products/services being offered. List the marginal economic benefits or improvements over the life cycle of the investment. Note that economic benefits streams may diminish over time as investments migrate towards "utility" status. Economic benefits should be tied to specific items (e.g., FTE savings, reductions in consultant costs, etc.).

- ◆ A revenue increase is the amount of additional income accruing to the department after subtracting out all costs associated with achieving that increase.
- ◆ Cost savings are expenses (both operating and capital) that are currently being incurred, but that will not be incurred if the project is implemented.
- ◆ Costs avoided (expenditures that are not being incurred today, but will be incurred, if the project is not implemented) should also be noted in this section.

Discuss the degree to which realizing economic benefits is dependent upon business re-engineering efforts not yet completed. If business process re-engineering is incomplete, highlight remaining activities yet to be performed in the project schedule.

Determine the sensitivity of economic benefits to different values for significant (but uncertain) variables. Submit sensitivity analyses for possible high and low outcomes.

E. Intangible Benefits

List the intangible benefits (favorable advantages that cannot be directly measured) which will accrue as a result of undertaking the project. Intangible benefits should be listed in order of significance and described in mission or program improvement terms. Discuss whether identified benefits have been validated by users.

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SCHEDULE B: FINANCIAL ASSESSMENT

A. Development Costs

<i>The proposed project's incremental FTE and third party positions</i>								
<i>Description</i>	<i>Year</i>							<i>Total</i>
	1. Current FTE Positions							
2. New FTE Positions								
3. Third Party Positions								
4. Total Positions								
<i>The proposed project's incremental one-time and development costs (Check One: Thousands ___ or Millions ___ of dollars)</i>								
<i>Description</i>								<i>Total</i>
5. Personnel Services								
6. Professional and Outside Services								
7. Training-Project and Technical Support Staff								
8. Training-End Users								
<i>Other Development Expenditures:</i>								
9. Hardware								
10. Software								
11. Communications								
12. Financing								
13. Facilities								
14. Licensing and Maintenance Fees								
15. Other								
TOTAL								
CUMULATIVE DISCOUNTED CASH FLOWS								

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SCHEDULE B: FINANCIAL ASSESSMENT (Cont.)

B. Proposed Operating Costs - Maintenance and Support

<i>The proposed project's incremental FTE and third party positions</i>							
<i>Description</i>	<i>Year</i>						<i>Total</i>
1. Current FTE Positions							
2. New FTE Positions							
3. Third Party Positions							
4. Total Positions							
<i>The proposed project's incremental one-time and development costs (Check One: Thousands ___ or Millions ___ of dollars)</i>							
<i>Description</i>							<i>Total</i>
5. Personnel Services							
6. Professional and Outside Services							
7. Training-Project and Technical Support Staff							
8. Training-End Users							
<i>Other Development Expenditures:</i>							
9. Hardware							
10. Software							
11. Communications							
12. Financing							
13. Facilities							
14. Licensing and Maintenance Fees							
15. Other							
TOTAL							
CUMULATIVE							
DISCOUNTED CASH FLOWS							

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SCHEDULE B: FINANCIAL ASSESSMENT (Cont.)

C. Summary of Costs by Funding Source

Seven Year Total, Check one: Thousands <input type="checkbox"/> or Millions <input type="checkbox"/> of Dollars			
Cost Category	Available Funds	Funding Source	Total Cost
1.			
2.			
3.			
4.			
5.			
TOTAL			

D. Economic Benefits During Investment Life

Seven Year Total, Check one: Thousands <input type="checkbox"/> or Millions <input type="checkbox"/> of Dollars							
Description	Year						Total
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8. SAVINGS/BENEFITS TOTAL							
9. CUMULATIVE							
10. DISCOUNTED CASH FLOWS							

Indicate the economic benefits which are dependent upon business re-engineering not yet completed.

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SCHEDULE B: FINANCIAL ASSESSMENT (Cont.)

E. Intangible Benefits

List the intangible benefits of the proposed solution in order of significance:

	Intangible Benefit	Validated By Users	
		Yes	No
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

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Section 4: Risk Assessment

In the Risk Assessment, the project's uncertainties and congruence with standards and architectures is evaluated. Complete a Risk Assessment for the recommended solution and each alternative considered.

A. Summary of Critical Success Factors

Summary of ratings from the following evaluations of critical success factors. Rate each success factor from 0 to 5 based on the "best match" with evaluation criteria. The maximum possible score is 45. The higher the score, the better the chances of success and the smaller the risk.

1. **Strategic Match**
The degree to which the proposed project is aligned with strategic department and Citywide goals and objectives; longer term in nature.
2. **Operational Match**
The degree to which the proposed project is aligned with program, division or department goals and objectives; scope is operational in nature.
3. **Business Process Analysis**
The degree to which key business processes affected by the information technology component of the project have been analyzed and/or re-engineered.
4. **Organizational Risks**
The degree to which completion of the proposed project is dependent on new or untested skills, management capabilities, and other organizational functions or considerations.
5. **Return on Investment**
The degree of volatility in the calculated return on the investment.
6. **Scope, Requirements and Definitions**
The degree to which the requirements and design specifications for this project have been clearly defined.
7. **Strategic Architecture**
The degree to which the planned systems/processes are aligned with the City's and department's long-term strategic target architecture.
8. **Infrastructure Investments and Dependencies**
The degree to which other technology services, facilities, or infrastructures require modification for the successful completion of this project.
9. **Technology Uncertainty**
The degree to which the success of the technology component of the project is dependent on new or untested skills, hardware, software, systems and vendors.

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SCHEDULE C: RISK ASSESSMENT

A. Summary of Critical Success Factors

<i>Summary of Critical Success Factors</i>		
<i>Name</i>	<i>Rating (0 - 5)</i>	<i>Description</i>
1. Strategic Match		Alignment with department and Citywide goals and objectives; longer term in nature.
2. Operational Match		Degree of proposed project alignment with program, division or department goals and objectives; operational in nature.
3. Business Process Analysis		Degree of re-engineering or analysis of key business processes
4. Organizational Risk		The dependency on new or untested skills, management capabilities, and other organizational functions or considerations.
5. Return On Investment		The degree of volatility in the calculated return on the investment.
6. Scope, Req'ts Uncertainty		Degree to which the specifications for this project have been defined.
7. Strategic Architecture		Degree to which the planned system/processes are aligned with the City and department long-term strategic target architecture.
8. Infrastructure Investments and Dependencies		Degree to which other technology services, facilities, or infrastructures, require a prerequisite to success.
9. Technology Uncertainty Summary		Degree to which the success of the technical component/ project is dependent on new or untested skills, hardware, software, and systems.
<i>Total Score</i>		Maximum score possible is 45. The higher the score, the better the chances of success and the smaller the risk.
<i>Please specify any other risks unique to this project that are not listed above.</i>		

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SCHEDULE C: RISK ASSESSMENT

B. Strategic Match

<i>Alignment With Citywide Strategic Directions</i> <i>Degree of proposed project alignment with department or Citywide goals/objectives, of a longer term and strategic nature.</i>	
	Rating <input style="width: 50px; height: 20px;" type="text"/>
<u>Rating Criteria</u>	
0	The information technology component of the project has NO direct or indirect relationship to the achievement of any stated department or Citywide strategic goals.
1	The information technology component of the project has no direct or indirect relationship to department or Citywide goals, or objectives, but is generally consistent with a department or Citywide strategic direction.
2	The information technology component of the project has no direct relationship to such goals or objectives, but the project is a prerequisite system to another system that achieves a portion of a stated department or Citywide goals.
3	The information technology component of the project has no direct relationship to such goals, but the project is a prerequisite system to another system that achieves a City goal.
4	The information technology component of the project directly achieves a portion of a stated department or City goal.
5	The information technology component of the project directly achieves a stated department or City goal.

C. Operational Match

<i>Alignment with Operational Goals and Objectives</i> <i>Degree of proposed project alignment with program or division goals/objectives, operational in nature.</i>	
	Rating <input style="width: 50px; height: 20px;" type="text"/>
<u>Rating Criteria</u>	
0	The information technology component of the project has NO direct or indirect relationship to the achievement of any stated program or department goals.
1	The information technology component of the project has no direct or indirect relationship to program or department goals or objectives, but will achieve improved operational efficiencies.
2	The information technology component of the project has no direct relationship to such goals or objectives, but the project is a prerequisite system to another system that achieves a portion of stated department goals.
3	The information technology component of the project has no direct relationship to such goals, but the project is a prerequisite system to another system that achieves a City goal.
4	The information technology component of the project directly achieves a portion of a stated program or department goal.
5	The information technology component of the project directly achieves a stated program or department goal.

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SCHEDULE C: RISK ASSESSMENT

D. Business Process Analysis

<i>Provides Value-Added Business Processes</i> <i>The degree of re-engineering or analysis of key business processes</i>		Rating
		<input type="text"/>
Rating Criteria		
0 The information technology component of the project will automate existing business processes. No business process analysis will be performed.		
1 Key business processes affected by the information technology component of the project have not yet been identified, analyzed or redesigned. Completion of BPR may modify project scope.		
2 Identification and analysis of some key business processes has begun. Completion of BPR may modify project scope.		
3 Some key business processes affected by the information technology component of the project have been analyzed and/or redesigned to better accomplish department business objectives. Business and management processes and procedures are currently being developed.		
4 All key business processes affected by the information technology component of the project have been analyzed and/or redesigned to better accomplish department business objectives. Business and management processes and procedures are currently being developed and implemented.		
5 All key business processes affected by the information technology component of the project have been analyzed and/or redesigned to better accomplish department business objectives. Business and management processes and procedures exist, and are well defined and understood.		

E. Organizational Risks

<i>The degree that the proposed project or system is dependent upon new or untested skills, management capabilities, preparedness, and experience.</i>			Rating
			<input type="text"/>
Rating Criteria	Score	Notations	
1 There is a well-formulated business plan.	<input type="text"/>		
2 The added-value, customers, and expectations are clear.	<input type="text"/>		
3 Project responsibility is certain (there is a defined sponsor and project manager)	<input type="text"/>		
4 A well-defined project plan exists (i.e., resources, deliverables, etc.).	<input type="text"/>		
5 Project planning and management practices/processes are in place.	<input type="text"/>		
6 Business and technical staff will participate fully in each phase of the project.	<input type="text"/>		
7 Key participants have relevant experience and skills.	<input type="text"/>		
8 The project is adequately funded, with plans/funds for user training.	<input type="text"/>		
9 Change is moderate and can be assimilated by existing staff/culture.	<input type="text"/>		
Total:	<input type="text"/>		Average (Input Above): <input type="text"/>

Ratings are from "0 to 5;" zero being the least compliant and five being more compliant with the subject matter of each category.



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SCHEDULE C: RISK ASSESSMENT

F. Return on Investment

ROI %		Degree of volatility in the calculated return on investment	
ROI %	Rating Criteria	Rating	
0	Lowest ROI (in range of probable outcomes) is 75% or less of ROI of probable outcome; or no sensitivity analyses performed.		
1	Lowest ROI (in range of probable outcomes) is >75% of ROI of probable outcome.		
2	Lowest ROI (in range of probable outcomes) is >80% of ROI of probable outcome.		
3	Lowest ROI (in range of probable outcomes) is >85% of ROI of probable outcome.		
4	Lowest ROI (in range of probable outcomes) is >90% of ROI of probable outcome.		
5	Lowest ROI (in range of probable outcomes) is >95% of ROI of probable outcome.		

G. Scope, Requirements and Definitions Uncertainty

Degree to which the specifications for the project are defined (e.g., scope, objectives, requirements, etc.)		Rating
Rating Criteria		
0	Requirements are unknown. Specifications are unknown. Area might be complex. Changes may be ongoing.	
1	Requirements are not firm. Specifications are not firm. Area might be complex. Changes are almost certain, even during the project development period.	
2	Requirements are moderately firm. Specifications are moderately firm. Investigated area is straightforward. Changes are almost certain almost immediately.	
3	Requirements are moderately firm. Specifications are moderately firm. Investigated area is straightforward. There is a reasonable probability of non-routine changes.	
4	Requirements are moderately firm. Specifications are moderately firm. Investigated area is fairly straightforward and understood. There is a low probability of non-routine and major changes.	
5	Scope, objectives and requirements are firm and approved. Specifications are firm and approved. Investigation area is straightforward. High probability of no major changes.	

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SCHEDULE C: RISK ASSESSMENT

H. Strategic Directions and Architecture

<i>Department and City Degree to which the planned system is aligned with the City and department long-term (strategic) target architecture's.</i>	
	Rating
<i>Rating Criteria</i>	
0 The proposed project is unrelated to the long-term target architecture for the City and department. There is no strategic plan or direction, technical or applications, or this is unrelated.	
1 The proposed project is part of the long-term target architecture, but its priorities are not defined.	
2 The proposed project is part of the long-term target architecture and has a low dollar payoff. It is not a prerequisite to other long-term target architecture projects, but is closely linked to other prerequisite projects.	
3 The proposed project is an integral part of the long-term target architecture and has a medium dollar payoff. It is not a prerequisite to other long-term target architecture projects, but is loosely linked to other prerequisite projects.	
4 The proposed project is an integral part of the long-term target architecture and has a high dollar payoff. It is not a prerequisite to other long-term target architecture projects, but is closely linked to other prerequisite projects.	
5 The proposed project is an integral part of the long-term target architecture and is to be implemented first; it is a prerequisite project to other long-term target architecture projects. A clear understanding of longer term directions and plans exists, technical and applications, and this project is directly supportive of the City/Department strategy.	

I. Infrastructure Investments and Dependencies

<i>Degree to which the technology investment in other prerequisite service or environmental facilities is required and the degree to which the needed infrastructure exists.</i>	
	Rating
<i>Rating Criteria</i>	
0 Substantial change in elements of computer service delivery is required, in multiple areas. Considerable up-front investment in staff, software, hardware, networks, or management is necessary to accommodate the project. This investment is not included in the direct project cost. There might be considerable uncertainty as to what is required and the impact.	
1 Moderate change in elements of computer service delivery is required, in multiple areas. Same as above, except that the investment and degree of needed change have a lower magnitude. Some uncertainty exists, and the costs are not included in this proposal.	
2 Moderate changes in several elements of the computer service delivery system and infrastructure are required to support the proposed project. Some up-front investment is required, and some later investments might be required. The impact is well-defined and the costs are included in this proposal.	
3 Small changes in several elements of the computer service delivery system are required. Some up-front investment is necessary to accommodate this project, and some later investments might be required for subsequent integration of this project into the mainstream of the environment/infrastructure. Costs are defined in this project proposal.	
4 A change in one element of the computer service delivery system is required for this project. The up-front costs are identified in this project proposal and are small, and there are no future costs. The impact is minimal, and the needed change is well-defined.	
5 The proposed system will use existing services and facilities/infrastructure. This has been carefully evaluated, and no up-front or future investment in prerequisite facilities is required.	

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SCHEDULE C: RISK ASSESSMENT

J. Technical Uncertainty

1. Required Skills	
<u>Rating Criteria</u>	
0	Extensive new skills are required for technical support staff and management.
1	Extensive new skills are required for technical support staff, and some for management.
2	Some new skills are required for technical support staff; extensive new skills for management.
3	Some new skills are required for both technical support staff and management.
4	Some new skills are required for technical support staff, none for management.
5	No new skills are required for technical support staff or management. Both have specific experience with the technology.
Rating: <input type="text"/>	

2. Hardware Uncertainty	
<u>Rating Criteria</u>	
0	Key requirements are not now available.
1	Some key features currently exist, but have not been tested or implemented.
2	Hardware exists, but has not been utilized yet within the department(s).
3	Hardware exists and has been tested, but is not yet operational.
4	Hardware is in use, but this is a different application.
5	Hardware is in use in a similar application in the department(s).
Rating: <input type="text"/>	

3. Software Uncertainty (Operating Software, DBMS, etc.; Other Than Application Software)	
<u>Rating Criteria</u>	
0	A significant advance in technological learning and sophistication is required. New technology.
1	Needed important features are not now supported, and this will require a moderate technology advance.
2	Some new features are required, or some complex interfaces/modifications might be required, and software is fairly new or not well supported in the department(s).
3	Some new interfaces or modifications might be required, but the software is fairly well understood and supported. There is some experience with the software and it is stable. Some interfaces or modifications might be complex.
4	Standard and supported software is being used, but some interfaces or modifications are needed.
5	Standard and well-supported software is being used, and there is no need for software programming. This is relatively routine and straightforward.
Rating: <input type="text"/>	

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SCHEDULE C: RISK ASSESSMENT

4. Application Software Uncertainty (Modifications to Software/Technology, Complexity, etc.)	
<u>Rating Criteria</u>	
0	No package or current in-house software exists. Complex design and programming are required.
1	No package or current in-house software exists. Complex design and programming are required, with moderate difficulty.
2	Software is available commercially, but the complexity is high, or the software will be developed in-house and the difficulty is moderate.
3	Programs are available commercially with moderate modifications, or in-house programs are available, but modifications are extensive, or software will be developed in-house with minimal design complexity, but with moderate programming complexity.
4	Programs are available commercially with minimal modifications, or programs are available in-house with moderate modifications, or software will be developed in-house with minimal complexity.
5	Programs exist and minimal modifications are required.
Rating: <input type="text"/>	

5. Vendor Uncertainty (Vendor and future product viability, etc.)	
<u>Rating Criteria</u>	
0	New vendor. Limited number of products offered. Few significant product installations. Unproved ability to execute on projects. Future product upgrades uncertain.
1	Vendor with limited product line and spotty history of upgrades. Demonstrated ambiguity in product market direction.
2	Niche vendor, dependent upon few key customers. Demonstrated ability to fulfill requirements of mid-size projects. Small base of installations.
3	Niche vendor. Demonstrated ability to fulfill requirements of large, complex projects. Moderate base of large installations.
4	Considered substantial challenger to current industry leaders. Demonstrated ability to fulfill requirements of large, complex projects. Multiple product offerings. Significant base of large installations.
5	Established, full-service vendor with focus on added value and effectiveness. Considered industry leader. Demonstrated ability to fulfill requirements of large, complex projects. In-depth product line and multiple product offerings. Wide base of large installations.
Rating: <input type="text"/>	

Technology Dependencies Uncertainty Summary Degree to which the success of the technical component and the project/system is dependent upon new or untested skills, hardware, software and systems.						
- Posted Ratings - (1 - 5 Below)						- Evaluation Score -
1	2	3	4	5	Total	Aver. Total / 5

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Appendix A

Technology Investment Business Case Top Sheet

If any of the shaded areas are checked, you must complete the Technology Investment Business Case format for your technology project.

Criteria	Yes	No
1. Has the department completed a technology plan?		
2. Does this investment create, modify or replace a mission critical operational system(s)?		
3. Does this investment match or fulfill a major component of a Citywide strategic goal or objective?		
4. Does this investment involve multiple City departments or jurisdictions?		
5. Does this investment require a change or considerable investment in elements of the City's technology infrastructure?		
6. Is this investment dependent upon projected benefits that begin more than 5 years in the future or does the investment have a payback period greater than 3 years?		
7. Are the project's estimated annual or biennial development costs greater than or equal to 20% of the department(s) annual or biennial capital budget(s) for technology?		
8. Has this technology been successfully implemented by other organizations?		

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REFERENCES

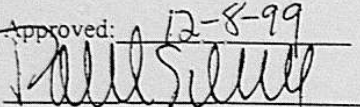
1. "Aligning Business and IT Strategies," Gartner Group, Management Strategies & Directions, Strategic Analysis Report, Bill Rosser, C. Smith, September 9, 1996
2. "Running the IS Organization like a Business," Gartner Group, Management Strategies & Directions, Strategic Analysis Report, C. White, Gene Raphaelian, August 30, 1996
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4. "Risk Assessment Model", State of California, Department of Information Technology (DOIT), Statewide Information Management Manual
5. "Evaluating Proposed Information Technology Plans and Projects, Decision Package Evaluation", State of Washington, Department of Information Systems, Office of Information Technology Oversight
6. "Project and Investment Justification", Arizona Department of Administration, Information Resources Management Group, Planning and Oversight, July, 1996
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8. Information Economics, Marilyn Parker and Robert Benson, Prentice Hall
9. "Time for a Fresh Approach to ROI", Datamation, February 15, 1995
10. "The Financial Mythology of Information Technology: Developing a New Game Plan," John L. Oberlin, Cause/Effect, Volume 19, Number 2, Summer 1996, pp. 10-17.

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Exhibit B

STANDARD OPERATING PROCEDURE

Subject: Notice and hearing procedures for certain major capital projects	Number 99-12-01
	Effective: When approved
Approved: <u>12-8-99</u>  Paul Schell, Mayor	Supersedes: All prior inconsistent procedures
	Pages: 3

1.0 PURPOSE

1.1 To describe the public notice and hearing procedures to be followed for certain major capital projects as defined below.

1.2 Projects for which the City has already committed to spend or has appropriated at least \$5 million as of the date of this Standard Operating Procedure are NOT covered by these procedures, but the City may choose to hold hearings on them when major decisions are to be made.

2.0 ORGANIZATIONS AFFECTED

2.1 All Executive departments and, upon concurrence by the City Council, the City Council.

3.0 REFERENCES

3.1 Settlement Agreement dated October 26, 1999, in King County Superior Court lawsuit entitled CLEAN et al. v. City of Seattle, No. 98-2-09656-0SEA, attached.

3.2 Council Resolution 30096 concurring in this Standard Operating Procedure.

4.0 DEFINITIONS

4.1 Covered Capital Projects means only those individual major capital projects of new construction, major maintenance, or redevelopment for which City monetary expense for the particular facility is or is authorized to be at least \$5 million. Pass-throughs of funds from other sources, such as private money and government grants, are not to be counted in the \$5 million computation. Covered Capital Projects DO NOT include low income housing, utilities' projects, voter-approved capital projects,



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emergency projects that would qualify for an expenditure by 2/3 vote of the Council under RCW 35.32A.060(1) and (2), or programs of capital improvements that only collectively reach the \$5 million threshold, such as the accumulation of all street resurfacing projects or all re-roofing projects.

5.0 POLICY

For every Covered Capital Project, the City Council will provide public notice and a public hearing as follow:

5.1 Public Hearing The City will hold at least one public hearing, devoted to each Covered Capital Project, in front of a City Council committee (standing or special) or Committee of the Whole. The person chairing the hearing may limit the time for individual testimony and the total hearing time, but if persons who, before the start of the hearing, signed up to speak are not allowed to do so, the chair must allow written comments up until at least (a) 5:00 p.m. on the second business day following the start of the hearing if the hearing started on a day other than Thursday, and (b) if the hearing started on Thursday, then the later of (i) 5:00 p.m. the next day (Friday) or (ii) 24 hours after the start of the hearing. If, as set out in the preceding sentence, previously signed-up speakers are not able to speak at the hearing, no full Council vote will be taken on the related ordinance until after the close of the comment period.

5.2 Public Hearing Schedule A public hearing will occur before Council passage of the first ordinance that either: (a) commits the City (or authorizes the executive branch to commit the City) to spend \$5 million or more on a Covered Capital Project, or (b) appropriates \$5 million or more for a Covered Capital Project, or brings the total cumulative appropriations for that project to \$5 million (whichever comes first). The Council member who chairs the committee that will debate said ordinance will determine the time and place of the public hearing.

The City Budget Division of the Executive Services Department will be responsible for identifying Covered Capital Projects and determining which proposed ordinances meet the terms of this section so as to warrant a hearing under these procedures.

5.3 Public Notice. Staff to the City Council member who chairs the committee that will debate the ordinance described in Section 5.2 above, will prepare the following public notices:

a) Newspaper. At least 10 calendar days in advance of the hearing (but at least 30 calendar days for projects to be developed in financial partnership with a private entity in which the City's monetary expense is or is authorized to be at least \$20 million), the City Council will run a display advertisement of at least 1 column inch or a legal classified notice in one or more of the major daily newspapers of general circulation (currently the Seattle Times or the Seattle Post-Intelligencer) generally identifying the proposed project and giving, at a minimum, the date, time, and place of the public

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hearing and a phone number or address where additional information about the hearing may be obtained.

b) Posting and Mailing. In addition to newspaper notice, staff to the City Council will post in the lobby of the City Council Chambers and mail a notice of each such hearing. Part or all of the mailing may be replaced by e-mail if that becomes the standard adopted by the City Council. The capital project hearing will be included on at least one notice that is mailed (or, potentially, e-mailed) at least 10 calendar days prior to the hearing (but at least 30 calendar days for projects to be developed in financial partnership with a private entity in which the City's monetary expense is or is authorized to be at least \$20 million).

5.4 Public Access to Fiscal Note and Key Documents. The City Budget Division of the Executive Services Department will prepare and file with the City Clerk's Office the Fiscal Note (per Ordinance 117255) for the proposed project and all key documents referenced in that Fiscal Note. Those documents will be available for public inspection and copying, either in the Council Bill file or a Clerk File, at least 10 calendar days prior to the hearing described in Section 5.1 and 5.2 above (but at least 30 calendar days for Covered Capital Projects to be developed in financial partnership with a private entity in which the City's monetary expense is or is authorized to be at least \$20 million). Multiple projects' documents may be combined in a single file if the projects are related in some way. The documents may be in draft form and may later be amended or supplemented any time up until the time the project is voted on by the full Council; the amended or supplemental documents will also be available in the Clerk's Office.

Staff to the Council member who chairs the committee that will debate the ordinance described in Section 5.2 will assure that during the public hearing, the file containing the Fiscal Note and the key referenced documents are available in the hearing room. If (an) additional public hearing(s) is (are) held on the project, the same procedure will be followed for availability of new key documents created since the previous hearing.

6.0 AMENDMENTS TO THIS STANDARD OPERATING PROCEDURE

6.1 The notice and hearing provisions set forth in this Standard Operating Procedure will not be reduced for at least two years from their effective date, and will be subject to Council and Executive review after that time. No modifications to these notice and hearing procedures will be made without first having a public hearing on the proposed modifications.



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October 26, 1999

SETTLEMENT AGREEMENT

In order to effect a full and complete settlement of the issues between the parties that resulted in the filing of the litigation known as CLEAN! et al. v. City of Seattle under King County Superior Court Cause No. 98-2-09656-0 SEA, and in consideration of the mutual promises herein contained, the parties, through their undersigned counsel, agree as follows:

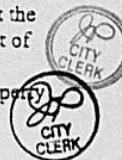
I. Not later than December 31, 1999, the following procedures will be enacted by Mayoral executive order, concurred in by the Seattle City Council by a resolution rescinding all prior inconsistent Council procedures:

The major capital projects that are covered by these procedures are: all capital projects of new construction, major maintenance, or redevelopment for which City monetary expense (not including pass-throughs of funds from other sources, such as private money and government grants) for the particular facility is or is authorized to be at least \$5 million, excluding low income housing, utilities' projects, voter-approved capital projects, and emergency projects that would qualify for an expenditure by 2/3 vote of the Council under RCW 35.32A.060(1) and (2).¹ Only individual capital projects are included, not programs of capital improvements that only collectively happen to reach the \$5 million threshold, such as the accumulation of all street resurfacing projects, all re-roofing projects, etc. All later paragraphs are modified and limited by this description of what projects and funding are covered.

Projects for which the City has already committed to spend or has appropriated at least \$5 million as of the date of adoption of new procedures are NOT covered by the new procedures, but the City may choose to hold hearings on them when major decisions are to be made.

For every major capital project covered by these procedures, the City will hold at least one public hearing, devoted to that project, in front of a Council committee (standing or special) or Committee of the Whole. The person chairing the hearing may limit the time for individual testimony and the total hearing time, but if persons who, before the start of the hearing, signed up to speak are not allowed to do so, the chair must allow written comments up until at least (a) 5:00 p.m. on the second business day following the start of the hearing if the hearing started on a day other than Thursday, and (b) if the hearing started on Thursday, then the later of (i) 5:00 p.m. the next day (Friday)

¹ That statute reads in pertinent part: "The city council by an ordinance approved by two-thirds of all of its members may authorize the expenditure of sufficient money from the emergency fund, or other designated funds, to meet the expenses or obligations: (1) Caused by fire, flood, explosion, storm, earthquake, epidemic, riot, insurrection, act of God, act of the public enemy or any other such happening that could not have been anticipated; or (2) For the immediate preservation of order or public health or for the restoration to a condition of usefulness of public property the usefulness of which has been destroyed by accident. . . ."



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SETTLEMENT AGREEMENT

Page 2

or (ii) 24 hours after the start of the hearing. In that event, no full Council vote will be taken on the related ordinance until after the close of the comment period.

The timing for the hearing will be before Council passage of the ordinance that either (whichever comes first): (a) commits the City (or authorizes the executive branch to commit the City) to spend \$5 million or more on the project, or (b) appropriates \$5 million or more for the project, or brings the total cumulative appropriations for that project to \$5 million.

At least 10 calendar days in advance of the hearing (but at least 30 calendar days for projects to be developed in financial partnership with a private entity in which the City's monetary expense is or is authorized to be at least \$20 million), the City will run a display advertisement of at least 1 column inch or a legal classified notice in one or more of the major daily newspapers of general circulation (currently the Seattle Times or the Seattle Post-Intelligencer) generally identifying the proposed project and giving, at a minimum, the date, time, and place of the public hearing and a phone number or address where additional information about the hearing may be obtained.

In addition, the City will post in the lobby of the City Council Chambers and mail a notice of each such hearing. Part or all of the mailing could potentially be replaced by e-mail if that becomes the standard adopted by the City Council. The capital project hearing will be included on at least one notice that is mailed (or, potentially, e-mailed) at least 10 calendar days prior to the hearing (but at least 30 calendar days for projects to be developed in financial partnership with a private entity in which the City's monetary expense is or is authorized to be at least \$20 million).

The City Clerk's Office will have available for public inspection and copying, either in the Council Bill (ordinance) file or a Clerk File, at least 10 calendar days prior to the hearing (but at least 30 calendar days for projects to be developed in financial partnership with a private entity in which the City's monetary expense is or is authorized to be at least \$20 million), the Fiscal Note (per Ordinance 117255) for the proposed project and all key documents referenced in that Fiscal Note. Multiple projects' documents may be combined in a single file if the projects are related in some way. The documents may be in draft form and may later be amended or supplemented any time up until the time the project is voted on by the full Council; the amended or supplemental documents will also be available in the Clerk's Office. During the public hearing, the file containing the Fiscal Note and the key referenced documents will be available in the hearing room. If (an) additional public hearing(s) is (are) held on the project, the same procedure will be followed for availability of new key documents created since the previous hearing.



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SETTLEMENT AGREEMENT

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II. The notice provisions and hearing requirements called for by Section I above will not be reduced for at least two years from their adoption, and will be subject to Council and executive review after that. No modifications to those adopted notice and hearing requirements will be made without first having a public hearing on the proposed changes.

III. Plaintiffs will, within five court days after their lead counsel Mr. Sundberg has been provided a copy of the adopted City Council resolution described in section I above, dismiss with prejudice their case filed under King County Superior Court No. 98-2-09656-0 SEA.

IV. The City will strike the hearing dates for its pending motions for summary judgment, in limine, and to compel. The plaintiffs strike the current trial date of November 15, 1999. Whether or not the City complies with Section I of this agreement, plaintiffs will not seek to have a new trial date earlier than February 1, 2000, to allow time in January for the City to reschedule hearings on its pending motions if needed. If the Court requires the parties to choose, before December 31, 1999, a new trial date, the plaintiffs will not agree to a date earlier than February 1, 2000.

V. The City will pay plaintiffs' actual out-of-pocket costs and expenses (such as filing fees) that are itemized and submitted under oath within 10 days of the signing of this agreement, plus the statutory (\$125) attorney's fee.

MARK H. SIDRAN
Seattle City Attorney

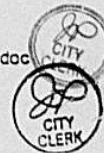
Kris J. Sundberg 10/29/99
Date
Kris J. Sundberg
WSBA #14549
Attorney for Plaintiffs

By: Sandra L. Cohen 10/27/99
Date
Sandra L. Cohen
WSBA #11304
Assistant City Attorney
Attorneys for Defendant City of Seattle

Shawn T. Newman 10/27/99
Date
Shawn T. Newman
WSBA #14193
Attorney for Plaintiffs

Steven K. Engster 10/27/99
Date
Steven K. Engster
WSBA #02003
Attorney for Plaintiffs

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City of Seattle

Paul Schell, Mayor

Department of Finance
Dwight D. Dively, Director

MEMORANDUM

Date: July 9, 2001

To: Council President Margaret Pageler
Seattle City Council

From: Dwight Dively, Director
Department of Finance *Margaret Pageler*

Subject: **A RESOLUTION adopting updated capital and major maintenance planning and funding policies for the City of Seattle and superceding Resolution 28947.**

I am pleased to submit the attached resolution that we intend to present for Council consideration as part of the Department of Finance's comprehensive review of the City of Seattle's financial policies.

Since 1994, the City Council has adopted several policies guiding the planning of, and funding for, the City's capital infrastructure. Some of these policies resulted from the Citizen's Capital Investment Committee's work on a strategic capital investment process for the City's capital assets, the adoption of the 1999-2004 Strategic Capital Agenda, the adoption of guidelines for the analysis of public-private partnerships, and the development of other related policies. The attached resolution consolidates and updates various policies related to planning and funding capital and major maintenance projects for the City of Seattle.

We appreciate the Council's consideration of this legislation. If you have any questions regarding this legislation, or about the City's financial policies in general, please call me at 684-5212, or Diane Clausen at 684-8151. Thank you.

cc: Greg Petersen
Jan Oscherwitz
Diane Clausen



700 Fifth Avenue, Room 4200, Seattle, WA 98104

Tel: (206) 684-0181, TDD: (206) 233-7810, Fax: (206) 684-8286, <http://www.ci.seattle.wa.us>

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RESOLUTION 30465

1
2 A RESOLUTION adopting updated capital and major maintenance planning and funding policies for the
3 City of Seattle and superceding Resolution 28947.

4 WHEREAS, as a result of the Citizen's Capital Investment Committee's work on planning and funding
5 for the City's capital infrastructure, the Council adopted Resolution 28947 on August 8, 1994,
6 outlining a strategic capital investment process for the City's capital assets; and

7 WHEREAS, on August 8, 1994, the Council passed Ordinance 117255 related to capital projects funding
8 and establishing a requirement that a fiscal note be prepared to accompany the funding proposal
9 for any major new or expanded capital project; and

10 WHEREAS, on September 20, 1999, the Council adopted Resolution 30025 adopting a Strategic Capital
11 Agenda for the period 1999-2004; and

12 WHEREAS, on November 22, 1999, the Council adopted Resolution 30072 approving general guidelines
13 for improving public knowledge of City partnerships with private and public entities; and

14 WHEREAS, on December 13, 1999, the Council adopted Resolution 30096, concurring with the Mayor's
15 Standard Operating Procedure regarding notice and hearing procedures for certain major capital
16 projects; and

17 WHEREAS, the City Council and the Mayor are committed to high standards of financial management;
18 and

19 WHEREAS, adopting and periodically updating and revising financial policies are important steps
20 towards assuring consistent and rational financial management; and

21 WHEREAS, capital and major maintenance planning and funding policies are essential components of
22 financial policies; and

23 WHEREAS, the City Council and Mayor have reviewed the City's capital and major maintenance
24 planning and funding policies and wish to update, clarify, and in certain instances, change the
25 policies;

26 NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE,
27 THE MAYOR CONCURRING, THAT

28 Section 1. Resolution 28947 is hereby superceded in its entirety, and the policies attached to this
resolution (as Exhibit A) are hereby adopted. The Council finds that these attached policies maintain the
spirit of the recommendations of the Citizen's Capital Investment Committee (CIC) as embodied in
Resolution 28947, but update them in the following ways:



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- 1 a) The CIC's recommendation for major maintenance funding of \$17 million per year (beginning in
2 1998) is revised annually to adjust for the effects of inflation on the buying power of the dollar.
3 b) The CIC's recommendations regarding capital planning are clarified and updated to reflect the
4 City's current planning processes, and to incorporate more recent processes such as the Strategic
5 Capital Agenda and the neighborhood planning process, into the current financial policies.
6 c) The CIC's recommendations for fiscal analysis are updated to reflect the special analysis
7 demands of public-private partnerships, as embodied in Resolution 30025.
8 d) Consistent with the CIC's recommendations, the policies state that decisions regarding the
9 prioritization of specific major maintenance projects will be decentralized, with autonomy and
10 accountability at the individual operating department level.
11

12 Section 2. The policies attached to this resolution do not apply to the City's utilities. The City's
13 utilities are excluded from these policies because they have separate funding sources for their capital
14 programs, and decisions about utility capital projects are made through the rate setting process.
15

16
17 Section 3. The Council expresses its continued concurrence with the Mayor's Standard Operating
18 Procedure regarding notice and hearing procedures for certain major capital projects, previously adopted
19 via Resolution 30096, and included as Exhibit B to this Resolution.
20

21 Section 4. By August 2002, the Executive will review the City's major maintenance demands and
22 propose an annual funding level that reflects this updated assessment of the City's capital infrastructure.
23

24 ADOPTED by the City Council of the City of Seattle the _____ day of _____, 2001,
25 and signed by me in open session in authentication of its adoption this _____ day of _____
26 2001.
27



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President _____ of the City Council

THE MAYOR CONCURRING:

Paul Schell, Mayor

Filed by me this _____ day of _____, 2001.

City Clerk

(Seal)

Attachments:

- Exhibit A:: Capital and Major Maintenance Planning and Funding Policies dated July 9, 2001
- Exhibit A1: City Partnership Review Process dated 11/22/99
- Exhibit A2: Technology Investment Business Case dated 9/9/97
- Exhibit B: Mayor's Standard Operating Procedures for Certain Major Capital Projects
(approved 12/8/99)

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**CITY OF SEATTLE
CAPITAL AND MAJOR MAINTENANCE PLANNING AND FUNDING POLICIES**

Introduction

The purposes of the City's Capital and Major Maintenance Planning and Funding Policies are threefold. First, the policies state the principles and other relevant factors that will guide the City's capital funding decisions. Second, the policies describe a general planning process in which decision-making will occur. Finally, for major maintenance needs, the level of annual funding is specified. The City's utilities are excluded from these policies because they have separate funding sources for their capital programs, and decisions about utility capital projects are made through the rate setting process.

These policies have been adopted by the City Council through resolution. They will be reviewed and updated on a five-year cycle, with the next update scheduled for 2006.

Definitions

A major maintenance project is defined as a capital investment that preserves a facility's ability to provide the services for which it was originally intended. Examples of major maintenance projects include the following:

- a) Structural repairs, such as major roof repairs.
- b) Replacement of facility subsystems (HVAC, electrical systems, irrigation systems) when the subsystem has failed, is obsolete beyond repair, or when subsystem replacement is a more cost-effective long-run option than continued maintenance.
- c) Replacement of the facility when replacement is a more cost-effective long-run option than continued maintenance.
- d) Facility modifications required to maintain employee or user safety in an existing building (removing asbestos, installing security lighting, installing fire alarms).
- e) Facility modifications required by federal, state, county, or City law.

A facility improvement project is defined as a capital investment in an existing facility that falls outside the major maintenance definition and makes improvements to a facility without expanding its capacity. Examples of facility improvement projects include cost-saving investments such as energy efficient lighting, and improvements undertaken to maintain the revenue generating capacity of a service or facility.

A new or expanded facility project is defined as a capital investment that expands existing capital infrastructure or creates new capital infrastructure either to carry out existing City services or to perform new services.

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Basic Principles Underlying Strategic Capital Planning

Policy 1. Preserve and maintain existing infrastructure. While building new infrastructure is often seen as more glamorous, maintaining existing infrastructure is critical to ensuring continued service and protection of previous capital investments. Thus, the City is committed to investing at least \$18.7 million per year (stated in 2001 dollars and adjusted each year to compensate for the effects of inflation) to maintain and make improvements to the City's existing infrastructure without expanding its capacity (excluding utility and transportation infrastructure which are governed by separate policies). The City intends to make these investments in a cost-effective manner, recognizing that in some cases facility replacement is a better long-run option than continued maintenance. In 2002, the Executive will review the City's major maintenance and non-expansion facility improvement projects and propose an annual funding level that reflects this updated assessment of the City's capital infrastructure.

Policy 2. Support the goals of the City's functional plans. Capital investments will be targeted to support the goals of the Comprehensive Plan, recognized neighborhood plans, adopted facility, department, or sub-area Master Plans, and other adopted City functional plans. The City is committed to focus much of its capital effort in those areas targeted for additional growth in the Comprehensive Plan. In addition, the City is committed to supporting the neighborhood planning process, the Parks Comprehensive Plan, the Transportation Strategic Plan, and other City functional master plans, and will ensure that its overall capital strategy is informed by these plans.

Policy 3. Support economic development. The City's ability to fund major maintenance and capital development in the long run depends on the strength of the City's economy and tax base. Therefore, the City will continue to consider economic development effects when setting capital priorities.

Other Capital Planning Factors

Policy 4. Consider external funding possibilities. External funding possibilities should be considered when choosing among projects. Some capital projects are eligible for external support such as grants or private donations. These funding sources may make such projects more cost-effective and preserve City money for other uses.

Policy 5. Consider revenue-generating possibilities. Revenue generating possibilities should be considered when choosing among projects. Some capital projects generate funds directly, such as through admissions tax revenues, which may make a project more cost-effective. Investment in facility renewal may be required to maintain a competitive position in revenue generating facilities or to enhance revenue opportunities.

Policy 6. Seek regional funding for regional projects. Regional funding should be sought for regional projects. The City provides many facilities that are of benefit to the entire region, including the Woodland Park Zoo, the Aquarium, and Seattle Center. To the extent possible, the City will seek regional support for these facilities' capital priorities. Funding from County,

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State, or Special Purpose districts, as appropriate, for these facility investments will be a City priority in formulating legislative and intergovernmental agendas.

Policy 7. Pursue cost-saving investments. The City is committed to pursuing cost-saving investments in its infrastructure. Proposals for such investments will include an analysis of the costs and benefits, and the pay-back period. Other things equal, funding priority will be given to investments with a shorter pay-back period.

Policy 8. Pursue conservation and sustainability investments. The City is committed to investing in conservation of natural resources, and to being a leader in investments that promote environmental sustainability. It is recognized that some investments in sustainable design and construction methods and materials may not easily demonstrate a direct financial payback.

Process for Strategic Capital Investment Planning and Funding

Policy 9. Planning for large capital projects. The Executive will develop a proposed Strategic Capital Agenda by no later than June of the second year of each biennium. The purpose of the Strategic Capital Agenda (Agenda) is to outline the most important capital issues facing the City over the next six years, explore options for financing, and describe possible capital projects that will be submitted to the voters for funding. The Agenda's scope is limited to the capital activities of the general City government, including transportation, libraries, public safety, parks and recreation, cultural facilities, and City office buildings and shops. The Agenda is informed and guided by the City's adopted functional plans, and is intended to support the City's objective that citizens get their money's worth from City government by explaining options and priorities for capital activities. Periodically, because of timing issues, there will be big ticket new or expanded capital projects for the Mayor and City Council to consider that were not included in the Strategic Capital Agenda. Review of these will occur through the appropriate Council committees.

Policy 10. Planning for major maintenance projects and smaller new, expanded, or improvement capital projects. Planning for major maintenance projects and smaller new or expanded capital projects will occur via the City's Six-Year Capital Improvement Program (CIP). In addition, the CIP will comprehensively list the capital projects that have been added/funded since the adoption of the previous CIP. Major maintenance planning in the CIP will be guided by periodic Citywide reviews of the City's major maintenance demands. However, once departmental funding is established, the decisions regarding priority of specific major maintenance projects will be decentralized, with autonomy and accountability at the individual operating department level.

Policy 11. Funding for major maintenance and capital projects. Funding decisions for major maintenance and capital projects are generally made as part of the City's annual budget and CIP cycle, or through legislation passed outside the regular budget process. Funding may occur outside the regular budget process because a project responds to an emergency or to a regulatory requirement, because it is time-sensitive or presents unique opportunities for the leveraging of City funds, or for other reasons deemed appropriate by the Mayor or City Council.



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Policy 12. Fiscal analysis requirements for new or expanded capital projects. For capital projects with public-private elements, the public-private partnership protocol described in Resolution 30072 (as may be amended from time to time) will be the template for the fiscal analysis required (attached here as Exhibit A1). For information technology investments, the business case format described in Exhibit A to Resolution 29627 will be the template for the fiscal analysis required (attached here as Exhibit A2). For other capital projects, the Executive will prepare the information noted below. If the project is funded via the annual budget and CIP cycle, this fiscal note information will be provided through the CIP. If the project is funded outside the annual budget and CIP cycle, this information will be provided in the form of a separate fiscal note. If a particular subsection is not relevant to the proposed new or expanded capital project, it will be answered "not applicable." If a proposed new or expanded capital project has several possible options for implementation, each option will be included for analysis in the fiscal note.

- a) Basic project information. This item will include the project's name, sponsoring organization, and a brief description of the proposed project.
- b) Project schedule. This item will describe the project's proposed implementation schedule, the underlying assumptions, and any timing issues.
- c) Estimated design life of project. This item will list the estimated number of years the project will be used.
- d) Total capital cost for the project. This item will list the total estimated capital cost for the project and the underlying assumptions.
- e) Estimated operating and maintenance costs for the project. This item will list the estimated annual operating and maintenance expenses, including any annual preventive maintenance, and the underlying assumptions.
- f) Estimated ongoing major maintenance costs for the project. This item will list any periodic major maintenance costs for the project and the underlying assumptions.
- g) Funding sources available to the project. This item will list the funding sources available to the project, and the expected level of funding from each source; both for the capital costs and the ongoing operating and major maintenance costs.
- h) Expected revenue from the project. For projects that are expected to generate revenue, this item will list the estimated annual revenue the City will receive directly from the project, and the underlying assumptions.
- i) Funding sources for replacement of project. This item will list the possible and recommended methods of financing the project replacement costs for projects with a life expectancy of 15 years or less.
- j) The financial cost of not implementing the project. For projects that are intended to replace existing facilities, and where there is a cost to the City to continue operating and/or maintaining the existing facility, this item will include the estimated costs to the City of not



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implementing the project, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the project is not implemented.

- k) Possible alternatives to the project which could achieve the same or similar objectives. For projects that have viable alternatives, including using an existing facility to fulfill the uses envisioned by the proposed project, or contracting with an outside organization to provide the services the proposed project would fill, this item will include descriptions of the potential alternatives. This item will also include a present worth comparison of the life cycle costs of the alternatives, including estimated capital costs, annual operating and maintenance costs, major maintenance costs, and revenues.

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STATE OF WASHINGTON - KING COUNTY

--ss.

135099
City of Seattle, Clerk's Office

No. RESOLUTION TITLES

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CTRT:30345,3046,357&30365

was published on

08/21/01

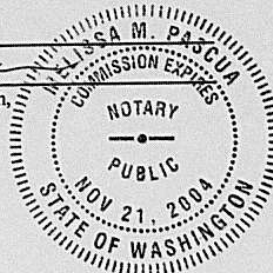
J. Sedman

Subscribed and sworn to before me on

08/21/01

Melissa M. Pasqua

Notary public for the State of Washington,
residing in Seattle



Affidavit of Publication

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State of Washington, King County

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following resolutions, passed by the City Council on August 8, 2001, and published here by title only, will be mailed upon request, or can be accessed electronically at <http://clerk.ci.seattle.wa.us>. For further information, contact the Seattle City Clerk at 884-8344.

RESOLUTION NO. 30345

A RESOLUTION adopting updated Debt Management Policies for the City of Seattle, superceding Resolution 29441, Resolution 29970, and all prior inconsistent debt management policies.

RESOLUTION NO. 30346

A RESOLUTION adopting updated Investment Policies for the City of Seattle and superceding in their entirety Resolution 26701 and the resolutions that amended Resolution 26701, including but not limited to Resolution 27242, Resolution 28792, Resolution 28859, and Resolution 29935.

RESOLUTION NO. 30357

A RESOLUTION adopting new principles to guide the Department of Design, Construction, and Land Use (DCLU) and the City Budget Office (CBO) in preparing and authorizing budget contingencies to meet demand for services in excess of the level planned in the biennial budget for DCLU.

RESOLUTION NO. 30365

A RESOLUTION adopting updated capital and major maintenance planning and funding policies for the City of Seattle and superceding Resolution 28947.

Publication ordered by JUDITH PIPPIN, City Clerk.

Date of official publication in Daily Journal of Commerce, Seattle, August 21, 2001. 8/21(135099CD)

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