



SEATTLE CITY COUNCIL

Legislative Summary

Res 31853

Record No.: Res 31853

Type: Resolution (Res)

Status: Adopted

Version: 1

Ord. no:

In Control: City Clerk

File Created: 10/29/2018

Final Action: 11/26/2018

Title: A RESOLUTION establishing enhanced reporting requirements for the City's Capital Improvement Program projects and establishing the City's intent to use a stage-gate appropriation process for selected projects.

Notes:

Filed with City Clerk: 11/26/2018

Mayor's Signature: 11/26/2018

Sponsors: Bagshaw, Herbold

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: Att A - Reader's Guide

Drafter: Emilia.Sanchez@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published:

☐ Yes

☐ No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Clerk	10/30/2018	sent for review	Council President's Office			
	Action Text: The Resolution (Res) was sent for review. to the Council President's Office						
	Notes:						
1	Council President's Office	10/31/2018	sent for review	Select Budget Committee			
	Action Text: The Resolution (Res) was sent for review. to the Select Budget Committee						
	Notes:						
1	City Council	11/05/2018	referred	Select Budget Committee			
	Action Text: The Resolution (Res) was referred. to the Select Budget Committee						
	Notes:						
1	Select Budget Committee	11/07/2018					
1	Select Budget Committee	11/14/2018	adopt				Pass
	Action Text: The Committee recommends that City Council adopt the Resolution (Res).						
	Notes:						

In Favor: 7 Chair Bagshaw, Member González , Member Herbold, Member Johnson,
Member Juarez, Member Mosqueda, Member O'Brien

Opposed: 0

Absent(NV): 2 Member Harrell, Member Sawant

1 City Council 11/19/2018 adopted Pass

Action Text: The Resolution (Res) was adopted by the following vote, and the President signed the Resolution:

Notes:

In Favor: 9 Councilmember Bagshaw, Councilmember González , Council
President Harrell, Councilmember Herbold, Councilmember Johnson,
Councilmember Juarez, Councilmember Mosqueda, Councilmember
O'Brien, Councilmember Sawant

Opposed: 0

1 City Clerk 11/21/2018 submitted for Mayor
Mayor's signature

1 Mayor 11/26/2018 Signed

1 Mayor 11/26/2018 returned City Clerk

1 City Clerk 11/26/2018 attested by City Clerk

Action Text: The Resolution (Res) was attested by City Clerk.

Notes:

CITY OF SEATTLE

RESOLUTION 31853

A RESOLUTION establishing enhanced reporting requirements for the City's Capital Improvement Program projects and establishing the City's intent to use a stage-gate appropriation process for selected projects.

WHEREAS, Seattle's Capital Improvement Program (CIP) identifies planned spending and revenues for City capital projects during the upcoming six-year period; and

WHEREAS, updates to the CIP are adopted by the Seattle City Council ("Council") as part of the annual and supplemental budget process; and

WHEREAS, CIP oversight is a critical function of the Council; and

WHEREAS, effective CIP oversight ensures transparent, accountable use of public dollars; and

WHEREAS, the Council's ability to perform effective capital oversight is dependent on access to thorough information and the opportunity to review and process this information in a timely manner; and

WHEREAS, City capital projects such as the Elliott Bay Seawall Project and the utilities' New Customer Information System cost millions of dollars over their original proposed budget and enhanced, timely reporting could have improved the Council's oversight by communicating potential project risks before the risks were realized; and

WHEREAS, oversight for the 2018-2023 Adopted CIP was improved via Council and City Budget Office review of capital project development and delivery, including seeking information from and holding conversations with some of the major capital departments on their project management practices and contingency budgeting, and conducting meetings to jointly discuss capital project issues across departments; and

1 WHEREAS, there is opportunity to improve CIP reporting and accountability to the Council and
2 to use the Council's budgeting authority to improve financial oversight; and

3 WHEREAS, the City benefits from effective Executive management controls and Council
4 oversight for projects that have a significant financial, policy, or programmatic impact on
5 the City and its residents; and

6 WHEREAS, the Levy to Move Seattle Oversight Committee members sent a letter to the Mayor
7 and the Council on August 23, 2018, recommending "regularly reporting on progress and
8 challenges as projects move through their development process, especially as the true
9 cost to deliver these projects comes into greater focus"; and

10 WHEREAS, in November 2016 the Council adopted and the Mayor signed Resolution 31720 to
11 "institute new rigor in capital project oversight that will increase appropriate and timely
12 oversight and provide more transparency to the public," through, among other things,
13 "[e]nhanced regular CIP reporting developed in conjunction with the City Budget Office,
14 including but not limited to quarterly reports to the Budget Committee on project scope,
15 schedule, or budget deviations"; and

16 WHEREAS, in order to provide uniformity across City departments, and to communicate
17 progress of projects during the budget process and in monitoring reports, City capital
18 departments agreed to use common terminology identifying project stages; and

19 WHEREAS, the City Council has imposed stage-based provisos for selected projects in 2018, to
20 allow spending of authorized appropriations only for specified activities unless and until
21 the City Council passes future separate ordinances lifting such provisos; and

22 WHEREAS, the City Council Briefings Committee reviewed and provided feedback on May 7,
23 2018, to the City Budget Office and the Council's Central Staff on a proposed new

1 quarterly report format with more in-depth budget, schedule, and scope information about
2 a limited number of capital projects; and

3 WHEREAS, the City Budget Office transmitted on September 5, 2018, the first quarterly capital
4 projects "Watch List" report and summary information about discrete and programmatic
5 projects with more in-depth information about capital projects; NOW, THEREFORE,

6 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE**
7 **MAYOR CONCURRING, THAT:**

8 Section 1. Each year by January 15, the Mayor will submit to the City Council
9 ("Council") a proposed Watch List of large, complex, discrete capital projects that will require
10 enhanced quarterly monitoring reports for the next calendar year. Each year by February 15, the
11 Council intends to adopt by resolution a final Watch List that is either the Mayor's proposed
12 Watch List or one that adds and/or removes projects from the proposed Watch List. The Mayor
13 may add projects to the Watch List at any time throughout the year; and the City Council may
14 add projects to the Watch List by adopting a subsequent resolution during the year. Criteria for
15 inclusion may include but are not limited to total project cost, a known change from previously
16 identified cost estimates, risk profile, or community and Council interest.

17 Section 2. The City Council requests that the Executive submit quarterly reports on all
18 Watch List projects substantially in the form provided in Attachment A to this resolution,
19 Reader's Guide to Watch List Monitoring Report. The City Council requests that the Executive
20 submit such quarterly reports within eight weeks of the end of each calendar quarter (for
21 example, the Executive should submit by approximately May 24 a report for the quarter ending
22 March 31).

Each quarterly report should include the following elements:

A. Watch List project report: in-depth reporting on each discrete capital project that is:

1. Identified in the City Council's annual Watch List resolution,
2. Identified in any subsequent Watch List resolution during the year, and
3. Determined by the Mayor to be appropriate for the Council-approved

Watch List;

B. Discrete projects report: summary information for each of the City's discrete capital projects; and

C. Ongoing programs report: summary information for each of the City's programmatic capital projects.

Section 4. The City Council intends to continue its strategic use of stage-based appropriations for selected projects. Stage-based appropriations take the form of spending restrictions (sometimes referred to as "provisos") that place limits on how capital appropriations may be spent on certain phases or activities in a capital project.

Section 5. All capital projects on the Watch List are eligible projects for stage-based appropriations. Further, the Council may choose to impose a stage-based appropriation on any other project in the Capital Improvement Program.

Section 6. Stage-based appropriations allow spending on unrestricted project development activities but prevent spending on a subset of specified activities; for instance, the Council may appropriate funding for a project but specify that none of those appropriations may be used for final design or construction (thereby allowing appropriations to be used for other activities such as real estate acquisition or other early design activities). The Council can decide

1 to place a stage-based spending restriction on a project for any reason. However, the Council
2 intends to provide heightened oversight and impose such spending restrictions on selected capital
3 projects with unclear scopes; shifting estimated costs; uncertain capital funding plans; ill-defined
4 operating costs, plans, or funding plans; and other perceived significant questions about scope,
5 schedule, and budget. Generally, the spending restriction remains in place until either (A) the
6 City Council takes separate action to pass a future ordinance lifting the proviso or (B) the project
7 reaches an identified milestone (such as the Mayor submitting to the Council a report describing
8 a funding plan, bids from contractors, or notice of a grant award).

9 Section 7. The Council recognizes that stage-based appropriations and other spending
10 restrictions carry the risk of delaying a project schedule or jeopardizing funding. Therefore, the
11 Council and Executive will prioritize consideration of proposals to remove spending restrictions.

12 Section 8. The Council's committees with subject matter oversight may review quarterly
13 reports.

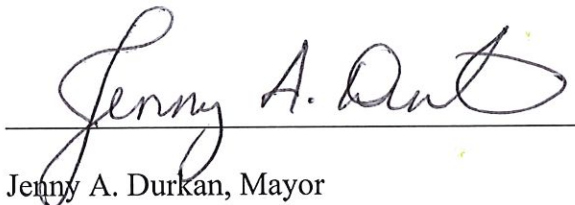
14 Section 9. The Council requests the Executive work with the Council's Central Staff to
15 develop a method for enhanced reporting for selected ongoing programs, or components of
16 ongoing programs, for potential inclusion in the Watch List.

Adopted by the City Council the 19th day of November, 2018,
and signed by me in open session in authentication of its adoption this 19th day of
November, 2018.



President _____ of the City Council

The Mayor concurred the 26th day of November, 2018.


Jenny A. Durkan, Mayor

Filed by me this 26th day of NOVEMBER, 2018.



Monica Martinez Simmons, City Clerk

(Seal)



Attachments:

Attachment A - Reader's Guide to Watch List Monitoring Report

CIP Quarterly Monitoring Report

CIP PROJECT TITLE

Q2 2018

READER'S GUIDE TO WATCH LIST MONITORING REPORT

Project Overview

Department:	SDOT
Project ID:	MC-TR-C037
Project Name:	Project A
Current Project Stage:	Stage 3: Design

Project Summary

Departments provide a summary of the CIP Project and explain what work was accomplished during the previous quarter.

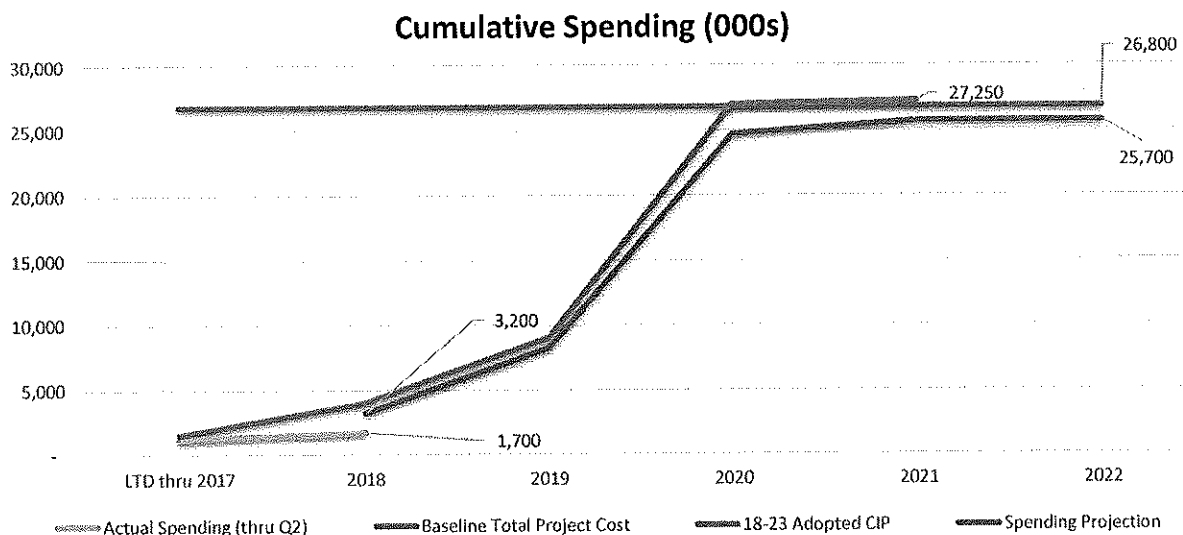
**Department Submits Project Photo of Progress
Made in Current Quarter (or rendering for
projects that are not in construction).**

		2018			
		Q1	Q2	Q3	Q4
Project Risk Profile and Mitigation Plan	Risk Status:				
Risk indicators are driven by six primary risk factors: Scope, Schedule, Budget, Coordination (Interdepartmental, and Outside Agency), Community Impact, and Political. Departments rank their risk on a scale of 1 (low) to 3 (high) and the indicator light is based on the average of those scores. A Green indicator means the department has ranked all their risk elements as a "1". A Yellow indicator means that, at a minimum, two or more risk elements have been ranked as a "2". A Red indicator is triggered if any risk element has been ranked as a "3" or all risk elements have been ranked at a "2". A Green Indicator light means that the department has mitigated all known risks and they do not anticipate needing Council action in the near future. A Yellow Indicator means that the department has identified a number of risks and has mitigated most of them, but there is a chance that they could have project impacts, which could require Council action. A Red indicator means that risks are present that do not have mitigation in place and will most likely require Council action. We recognize that these risks categories are not independent variables and one risk factor directly influences another. Therefore, the risk indicator average is not a scientific measure but rather a judgement by the departments. With that in mind, we have encouraged the departments to use this narrative section to explain the risk ranking and elaborate on risks that are continuing, or emerging.					

READER'S GUIDE TO WATCH LIST MONITORING REPORT

The Budget Summary Table and Chart are for illustrative purpose.

	LTD thru						
Budget Summary (000s):	2017	2018	2019	2020	2021	2022	Total
Baseline Total Project Cost							26,800
18-23 Adopted CIP	1,500	2,500	5,000	18,000	1,000	250	28,250
Actual Spending (thru Q2)	1,200	500					1,700
Spending Projection	1,200	2,000	5,000	16,500	1,000	-	25,700
Projection Variance (Over/(Under))							(2,550)



Explanation for Adopted CIP Budget to Projection Variance (If applicable)

In this section departments provide a summary of the budget. The narrative in this section will focus on the spending projection and what is driving any variance from the Adopted Total Project Cost. Note that the Chart is Cumulative each year in order to display the totals over the life of the project.

Baseline Total Project Cost: For new projects that come into the CIP and are included as Watch List projects, the Baseline Total Project Cost will be established and included at the 30% Design milestone. This will provide a benchmark from which to measure project cost and scope adjustments. Many of the projects we are reporting on in this new Q2 monitoring report are in late stage design or construction. Therefore, we default the previous Adopted Total Project Cost as the Baseline Total Project Cost.

18-23 Adopted CIP: This is the budget that was included in the 2018-2023 Capital Improvement Program, and what was displayed on the Project Page.

Actual Spending: This is the Life to Date Spending through the prior year, and the Year to Date spending through the current period.

Spending Projection: This is the amount the department is forecasting they will spend on the project as of the current period.

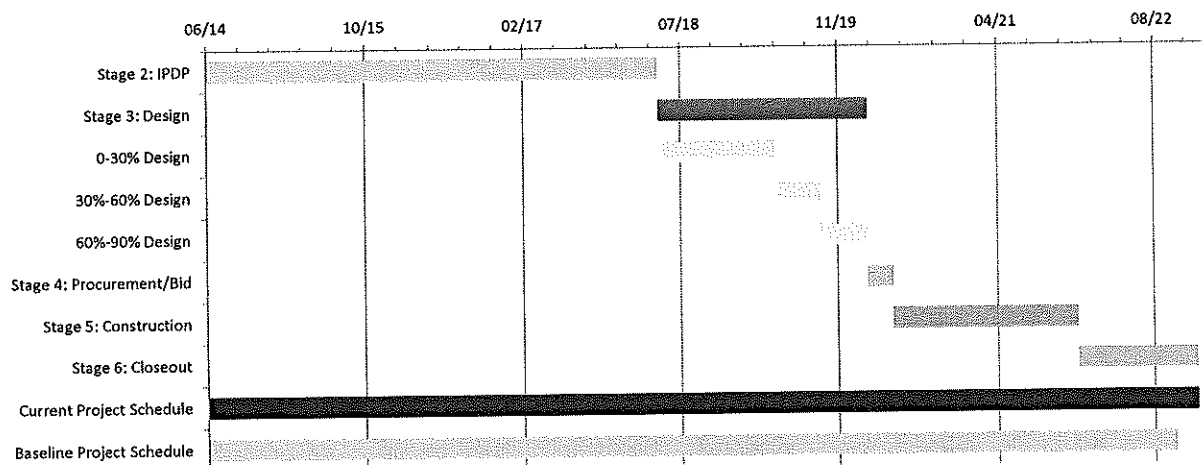
Projection Variance (Over/(Under)): This is the variance between the Adopted CIP amount, and the Spending Projection.

READER'S GUIDE TO WATCH LIST MONITORING REPORT

Project Schedule v Original Baseline Schedule

Start: 6/1/2014

End: 10/26/2022 (Projected)

**Explain Schedule Variance**

The schedule section provides an opportunity for a department to discuss any schedule milestones and/or schedule variances. Because we are implementing this new approach to monitoring in the middle or late stages of some large projects, we will be modifying the schedule chart accordingly. Some of the current Watch List projects will not show the schedule by each stage because the stage was completed many months, or years ago. For all new projects, we will include a schedule for each stage of the project. As we update the schedules, we will keep a "baseline" schedule to which we can compare the current project schedule.

For some projects, this section will include the schedule for the key elements of design (30%, 60%, 90%). These are important milestones in a project's development because of key scope decisions that must be made. This schedule information will help to inform Council on when they should weigh in on these elements of the project.

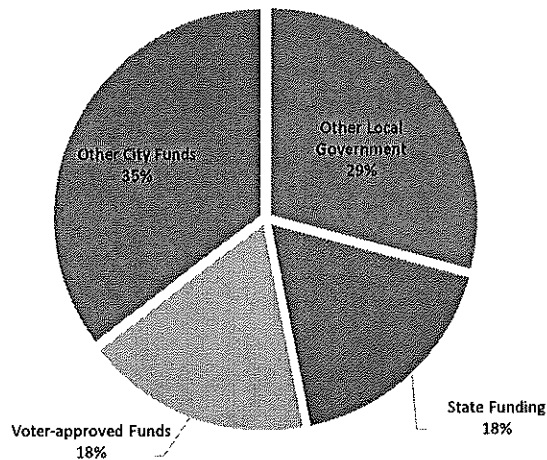
READER'S GUIDE TO WATCH LIST MONITORING REPORT

Project Funding by Source (000s)

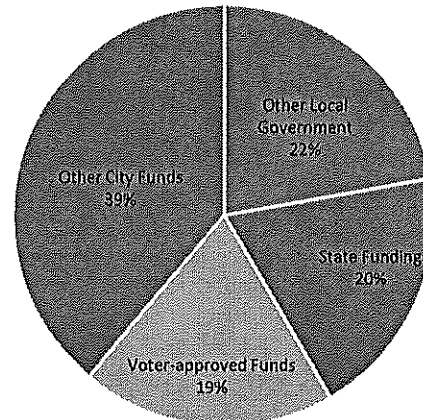
Adopted CIP Funding: \$ 28,250

Projected Funding: \$ 25,700

Adopted CIP Funding Plan



Projected Funding Plan



Funding Variance	Adopted	Projection	Δ
Other Local Government	8,250	5,700	(2,550)
State Funding	5,000	5,000	-
Voter-approved Funds	5,000	5,000	-
Other City Funds	10,000	10,000	-
Total	\$ 28,250	\$ 25,700	\$ (2,550)

Action Plan to Address Funding Gap (if applicable)

The "Project Funding by Source" section is where the department will communicate its plan to address any potential funding gaps. Projects with Red Indicator lights (and sometimes yellow) will almost always have a budget/financial risk and therefore a funding strategy will be included. If the variance to budget is large enough, the department will come to Council to approve the new funding.

The Project Funding by Source page is not included for Utility Watch List projects because those projects are generally fully funded by rates.

STATE OF WASHINGTON -- KING COUNTY

--SS.

368336

No.

CITY OF SEATTLE, CLERKS OFFICE

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

CT:31847-49,31853,31856

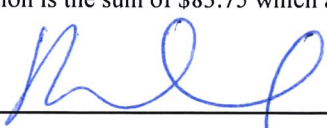
was published on

12/11/18

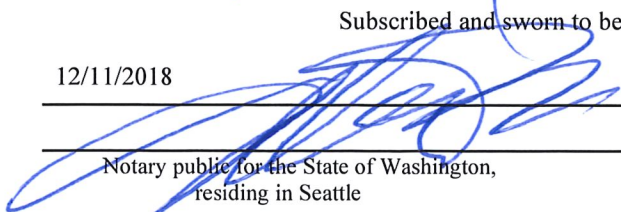
The amount of the fee charged for the foregoing publication is the sum of \$83.75 which amount has been paid in full.



Affidavit of Publication


Subscribed and sworn to before me on

12/11/2018


Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

The full text of the following legislation, passed by the City Council on November 19, 2018, and published below by title only, will be mailed upon request, or can be accessed at <http://seattle.legistar.com>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Resolution 31847

A RESOLUTION relating to financial policies for the Judgment/Claims Fund; revising certain policies, establishing a new policy, and requesting a ten-year policy review cycle.

Resolution 31848

A RESOLUTION adopting revised financial policies for the Cumulative Reserve Subfund of the General Fund by amending Exhibit A of Resolution 31083.

Resolution 31849

A RESOLUTION endorsing a budget and position modifications for The City of Seattle for 2020.

Resolution 31853

A RESOLUTION establishing enhanced reporting requirements for the City's Capital Improvement Program projects and establishing the City's intent to use a stage-gate appropriation process for selected projects.

Resolution 31856

A RESOLUTION committing to collaborate with the Executive on the transfer of properties that have a mutual and offsetting benefit lease to the organizations currently residing in those facilities no later than March 2019 in circumstances where those organizations have expressed interest in taking ownership of those properties and a commitment to continue to provide services to the community, and have demonstrated the financial capability of maintaining the facility.

Date of publication in the Seattle Daily Journal of Commerce, December 11, 2018.

12/11(368336)