

KING COUNTY

1200 King County Courthouse 516 Third Avenue Seattle, WA 98104

Signature Report

July 14, 2009

Motion 13026

Proposed No. 2009-0390.3

Sponsors Ferguson, Dunn, Constantine, von Reichbauer, Phillips, Patterson, Gossett and Lambert

1	A MOTION ensuring accountability for public tax dollars
2	and public resources and establishing a plan for greater
3	oversight for capital projects and requesting the executive
4	to apply best practices methodology in preparation of the
5	overhead cost allocation model.
6	
7	WHEREAS, the King County council has recently received the results of the
8	Washington State Auditor's Office Accountability Audit Report, which reviewed King
9	County's accountability and compliance with state laws and regulations and its own
10	policies and procedures, and
11	WHEREAS, the King County council, in its role as the oversight body for the
12	King County government, has taken a number of actions in recent years to improve
13	capital project oversight and ensure accountability for public tax dollars and resources
14	and intends to expeditiously address issues raised by the audit report, and
15	WHEREAS, in 2006, the King County council established the capital projects
16	oversight function within the King County auditor's office to oversee King County's large

17	capital construction projects, with the mission of controlling cost overruns and
18	unforeseen changes in project scopes, schedules and budgets, and
19	WHEREAS, the King County council has expanded the capital projects oversight
20	function each year, growing from its original pilot project status reviewing four large
21	capital construction projects in 2007 to providing more extensive oversight of
22	management practices for capital projects across all departments in 2009, and
23	WHEREAS, in the 2008 adopted budget, Ordinance 15975, the King County
24	council required the accountable business transformation program management office
25	and the office of management and budget to develop a budget process for capital
26	improvement project ("CIP") reporting that would provide the following information for
27	each CIP: (1) the initial, baseline schedule, scope of work and budget ("baseline
28	information"); (2) all the costs, incurred to date and projected to complete the project, by
29	a standard category system ("standard system") to be used by all agencies to capture and
30	report such project costs; (3) the standards or methodologies used by the CIP agency for
31	estimating those costs; (4) the schedule milestones for each project, completed and
32	projected; and (5) a reporting mechanism that clearly indicates a project's deviations from
33	the initial baseline information, when the deviations occurred, in what project cost
34	category and the reasons why, and
35	WHEREAS, in the 2008 adopted budget, Ordinance 15975, the King County
36	council required the executive to transmit a critical analysis report for all current CIP
37	projects over \$750,000, and
38	WHEREAS, in the 2007 adopted budget, Ordinance 15652, the King County
39	council required the executive to submit a report to the council identifying, in priority

40	order, by fund, all current individual CIPs for which total project costs estimates
41	exceeded \$10,000,000, and providing the following information on each project: (1) the
42	date funds were first appropriated to the capital improvement project; (2) reasons for any
43	significant delay and/or significant rescoping; (3) current scope of work; (4) current
44	schedule; (5) current budget including identification of increased costs over time; (6)
45	delivery method, including identification of financing and contracting mechanisms; (7) a
46	description of the project's prioritized ranking at the time it first received appropriation
47	and its priority ranking as of January 1, 2007, and the basis for these rankings; and (8)
48	whether the project is consistent with or has been significantly altered from its original
49	scope and purpose, and
50	WHEREAS, in the 2008 adopted budget, Ordinance 15975, the King County
51	council took a number of actions related to performance measurement in the roads capital
52	projects budget including requiring the roads division to report a work plan for
53	developing an operational master plan, reducing the roads CIP by more than \$74,000,000
54	over six years, restricting expenditure for selected roads CIP projects that exceeded
55	benchmark standards, and other actions to ensure the division complies with industry
56	performance measures and best practices, and
57	WHEREAS, the King County council desires to continue its strong oversight of
58	county operations, provide additional oversight for capital improvement projects and
59	adopt policies that standardize the appropriation, reporting and performance measurement
60	processes for capital improvement projects;
61	NOW, THEREFORE, BE IT MOVED by the Council of King County:

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62	A. To build on the previous efforts of the council to ensure oversight of capital
63	projects, the council will consider legislation by September 15, 2009, to require the
64	phased release of funding for high risk capital projects and standardize requirements for
65	all capital projects. The proposed legislation shall:
66	1. Provide a method of assessment and definition of high risk project;
67	2. Establish requirements that must be met prior to the appropriation of funds
68	for each of the conceptual design, preliminary design, design, and construction phases of
69	high-risk capital improvement projects, while recognizing the need for capital projects to
70	move from one phase to the next without significant delay;
71	3. Establish a standard report format for all capital project appropriation
72	requests, which shall include all earlier appropriations and past expenditures; and
73	baseline scope, schedule and budget that will remain constant through project closeout;
74	4. Establish a standard set of estimating requirements to ensure that all project
75	budget appropriation requests incorporate a consistent, comprehensive set of cost
76	considerations and all known risks, and require cost estimate accuracies to be reported;
77	5. Require the establishment and maintenance of a risk register for each high-
78	risk capital improvement project, a document that identifies potential events that could
79	impact cost, schedule, or scope, and then formulates associated risk response plans for
80	addressing those risks;
81	6. Require a formal risk assessment for high risk projects before the release of
82	funding for final design; and
83	7. Require that high-risk projects employ earned value forecasting.

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84	B. The executive is requested to develop standardized performance
85	measurements for construction projects and submit a copy of these measures to the
86	council by January 1, 2010. Eleven copies of the procedures shall be filed with the clerk
87	of the council, for distribution to all councilmembers.
88	C. The county council together with the county executive shall examine the
89	advisability of implementing a comprehensive, countywide, standardized construction
90	project management information system that would provide accountability and
91	transparency to the policy makers and the public about the progress of capital projects by
92	tracking performance against budgets and schedules. The executive is requested to
93	provide a report to the council by October 15, 2009, that examines the costs and benefits
94	of implementing such a system and describes possible alternative systems for tracking
95	project-, subproject- and contract-level information on all planned and on-going
96	construction project activities. Twelve copies of the report shall be filed with the clerk of
97	the council, for distribution to all councilmembers and the Capital Project Oversight
98	office in the Auditor's Office.
99	D. The King County project control officer is requested to submit four quarterly

99D. The King County project control officer is requested to submit four quarterly100reports to the council per year, beginning with the third quarter of 2009, summarizing all101findings in regards to any changes in a project's scope, schedule, or budget. The reports102are due to the council by no later than March 1, June 1, September 1 and December 1 of103each year. Twelve copies of each report shall be filed with the clerk of the council, for104distribution to all councilmembers and the Capital Project Oversight office in the105Auditor's Office.

106	E. The King County project control officer is requested to report on the process
107	used to ensure that all departments and divisions adhere to King County's construction
108	management policies and procedures, the compliance rate for following the county's
109	construction management policies and procedures, and the steps being taken to increase
110	compliance with King County's construction management policies and procedures. The
111	King County project control officer is requested to provide a report to the council by
112	October 15, 2009, with twelve copies of the report to be filed with the clerk of the council
113	for distribution to all councilmembers and the Capital Project Oversight office in the
114	Auditor's Office.
115	F. By October 15, 2009, the King County transit division is requested to submit a
116	report to the council describing any steps that the division is taking to enhance the
117	division's internal controls and procedures as they relate to the handling of fare box
118	collections to ensure full accountability for these cash receipts. Eleven copies of the
119	report shall be filed with the clerk of the council, for distribution to all councilmembers.
120	G. By October 15, 2009, the King County department of public health is
121	requested to submit a report to the council describing any steps that the department is
122	taking to enhance the internal controls and procedures in place to safeguard drug
123	inventory at public health pharmacies and ensure accurate accounting of pharmaceuticals.
124	Eleven copies of the report shall be filed with the clerk of the council, for distribution to
125	all councilmembers.
126	H. By October 15, 2009, the King County department of assessments is requested
127	to submit a report to the council describing any steps that the department is taking to
128	enhance the procedures and internal controls in place to ensure that personal property tax

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refund requests are handled accurately, consistently, with reasonable thoroughness, andwith adequate documentation.

131 I. By October 15, 2009, the King County sheriff's office is requested to submit a 132 report to the council describing any steps that the office is taking to enhance the 133 procedures and internal controls in place to safeguard and account for inventory. The 134 report shall also include any steps that the office is taking to enhance internal controls 135 and procedures for citations, forfeited vehicles and reporting on seized and forfeited 136 property. Eleven copies of the report shall be filed with the clerk of the council, for 137 distribution to all councilmembers. 138 J. By October 15, 2009, the King County district court is requested to submit a 139 report to the council describing any steps that the court is taking to enhance the 140 procedures and internal controls in place for the processing of transactions and the 141 reconciling of bail. Eleven copies of the report shall be filed with the clerk of the 142 council, for distribution to all councilmembers. 143 K. By September 25, 2009, the executive is requested to submit a report to the

144 council summarizing the procedures, assumptions and methodology used to develop the 145 overhead cost allocation model for the 2010 budget. The report should describe efforts to 146 achieve "best practices" for equitable and transparent cost allocation; including efforts to 147 reconcile the model with current year actual budget data and with adjustments for cost 148 center under-expenditures, a comparison of expense and charge practices used by other 149 peer jurisdictions in preparing overhead allocation charges, and documentation of efforts 150 to improve the overhead allocation model based on recommendations of any prior 151 independent studies or audits of King County's allocation methodology. Thirteen copies

152 of the report shall be filed with the clerk of the council, for distribution to all

- 153 councilmembers, the chief of staff and the policy staff director.
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Motion 13026 was introduced on 6/22/2009 and passed as amended by the Metropolitan King County Council on 7/13/2009, by the following vote:

Yes: 8 - Mr. Constantine, Mr. Ferguson, Ms. Lambert, Mr. von Reichbauer, Mr. Gossett, Mr. Phillips, Ms. Patterson and Mr. Dunn No: 0 Excused: 1 - Ms. Hague

> KING COUNTY COUNCIL KING COUNTY, WASHINGTON

Dow Constantine, Chair

ATTEST:

Anne Noris, Clerk of the Council

Attachments

None