



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

October 16, 2001

Ordinance 14230

Proposed No. 1999-0055.3

Sponsors Hague and McKenna

1 AN ORDINANCE revising the Major Maintenance Reserve
2 Fund and Building Repair and Replacement Fund,
3 governing the establishment of reserves, financing methods
4 and expenditure guidelines for the Major Maintenance
5 Reserve Fund; and amending Ordinance 12076, Section 29,
6 and K.C.C. 4.08.250 and Ordinance 12076, Section 18, and
7 K.C.C. 4.08.110.

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10 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

11 SECTION 1. Ordinance 12076, Section 29, and K.C.C. 4.08.250 are each hereby
12 amended to read as follows:

13 **Major maintenance reserve fund.** A. (~~(FUND ESTABLISHED:))~~ There is
14 hereby created a new county fund entitled major maintenance reserve fund. This fund
15 shall be a first tier fund as described in K.C.C. chapter 4.08 and the first paragraph of
16 RCW 36.29.020.

17 B.1. (~~RESERVES. Sufficient reserves shall be maintained in the Major~~
18 ~~Maintenance Reserve Fund to fund the county's ongoing major maintenance~~
19 ~~requirements for county owned buildings and grounds, including the King County~~
20 ~~Courthouse, Administration Building, Yesler Building, and other county owned buildings~~
21 ~~occupied by all county departments.)) The purpose of the fund is to provide for the
22 periodic replacement of major building systems and components at certain King County
23 facilities so that each building will realize its full useful life. Expenditures from this fund
24 shall not be used to accommodate routine maintenance, and shall not be used to finance
25 unique program infrastructure investments. Unique infrastructure investments are those
26 capital expenses unique to a specific building user that are not necessary to maintain the
27 usability and maintenance standard for the building. Such capital investments may be
28 combined with major maintenance reserve fund eligible work but shall be financed from
29 other appropriate funding sources. For the purpose of this section, "major maintenance
30 program plan" means the prioritized list of projects transmitted to the council with, and
31 funded by, the annual major maintenance fund budget request. For the purpose of this
32 section, "major maintenance financial model" means the analytical system for projecting
33 both the cyclical and existing maintenance expenses of major county building systems
34 and components, and development of the revenue estimates necessary to fund those
35 expenses.~~

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

38 a. Life-cycle projects, which involve a forecast of future expenditures based
39 upon the expected life of building components and systems, their current age, and the

40 cost to repair or replace those components and systems. The major maintenance financial
41 model includes three “life-cycle” categories of facility improvements:

42 (1) eight-year “short cycle” refurbishments, including but not limited to
43 carpet, paint and communications equipment;

44 (2) fifteen-year “medium cycle” refurbishments, including but not limited to
45 lighting fixtures, parking lots and grounds and structures;

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

49 b. Deferred maintenance projects, which entail immediate deficiencies and
50 partially worn systems that would normally be financed within the major maintenance
51 financial model’s framework but that already existed when the model was initiated.

52 Deferred maintenance project costs shall be estimated similarly to capital projects; the
53 scope of work is defined, and construction costs are estimated, by the project manager,
54 county staff or consultants. Costs estimates shall include any necessary design work,
55 permitting and overhead associated with the project.

56 C. Major maintenance program costs are funded by the major maintenance
57 reserve fund. The calculation of the amount necessary to finance facility infrastructure
58 maintenance costs is based on a building specific per square foot charge corresponding to
59 existing deficiencies and current age of building systems and mix of building systems.

60 The major maintenance reserve fund funding requirements shall be fulfilled by

61 1. An annual transfer of the sales tax reserve contingency fund balance in excess
62 of fifteen million dollars;

- 63 2. Transfers, which are contributions, from the current expense fund;
64 3. Transfers, which are contributions from the non-current expense fund
65 agencies in buildings owned by King County or for which the county is responsible for
66 debt service costs;
67 4. Contributions from current expense agency operating budgets that receive
68 partial reimbursement from other jurisdictions; and
69 5. Other revenue sources, including investment earnings on the emergency
70 reserve balance. The per square foot charge to current expense agencies is financed
71 primarily from the sales tax reserve and current expense fund transfer to the major
72 maintenance reserve fund.

73 ~~((C. FINANCING. The Major Maintenance Reserve Fund will be financed by:~~
74 ~~Initiative 62 settlements received from the State; annual service charges against all~~
75 ~~county agencies housed in county-owned space; a 1% major maintenance assessment~~
76 ~~against all newly acquired or constructed above-grade facilities; proceeds from the sale of~~
77 ~~county-owned real property; and other appropriations and transfers as authorized by the~~
78 ~~council.))~~

79 D. ~~((ANNUAL SERVICE CHARGE. Beginning in 1994 the county shall~~
80 ~~establish a major maintenance service charge against all county agencies housed in~~
81 ~~county-owned space. The plan for this service charge shall be submitted to the council~~
82 ~~for review and approval by June 30, 1993. Changes to the annual service charge shall be~~
83 ~~submitted to the council for review and approval.))~~ The following shall be submitted
84 with the annual budget transmittal, except as noted:

85 1. Financial plan. The exact mix of revenues used to finance major maintenance
86 reserve fund expenditures in a given year shall be set forth in a detailed financial plan
87 spanning no less than six years. The mix of revenues may change from year to year, as
88 economic and budgetary circumstances warrant, subject to adoption of the financial plan
89 by the council concurrent with adoption of the annual major maintenance reserve fund
90 appropriation;

91 2. Major maintenance financial model. Any proposed changes to the major
92 maintenance financial model shall be submitted to the council, along with supporting
93 materials that describe how the proposed changes will affect the financing and progress
94 of outstanding major maintenance projects;

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

106 4. Status. The executive shall report annually, by May 30, to the council on the
107 status of scope, schedule and expenditures for all identified projects funded by the major

108 maintenance reserve fund. All planned expenditures shall be consistent with the financial
109 model, financial plan and program plan. These annual reports shall be sorted by building,
110 project status, category (either "life-cycle" or "deferred") and year the project first
111 received appropriation authority, and shall include:

- 112 a. each project's name and number;
- 113 b. project location;
- 114 c. current status of the project;
- 115 d. whether the project is classified as "life-cycle" or "deferred";
- 116 e. the year the project was first identified;
- 117 f. the year the project first received appropriation authority;
- 118 g. the initial year of construction;
- 119 h. the initial estimate of the project's duration in years, or expected completion
120 date;
- 121 i. the original estimate of the project's total cost;
- 122 j. any revisions to the original estimate of the project's total cost;
- 123 k. current expenditures and encumbrances spanning the project's existence; and
- 124 l. for each fiscal year of existence, the appropriation amount, the beginning
125 balance, the summary totals of expenditures and encumbrances and the carryover at the
126 year's end.

127 ~~((E. ELIGIBLE EXPENDITURES / SIX-YEAR PLANS. Any major repairs, or~~
128 ~~major maintenance projects called for in the county's general facilities major~~
129 ~~maintenance program shall be. The general facilities major maintenance plan will~~
130 ~~provide 6-year major maintenance and rehabilitation plans for each of the county's~~

131 ~~general government facilities. These plans will be updated annually and will serve as the~~
132 ~~basis for requesting project appropriations from the Major Maintenance Reserve Fund.~~
133 ~~Requests to use the Major Maintenance Reserve Fund as a financing source for capital~~
134 ~~projects will be made in accordance with the county's annual Capital Improvement~~
135 ~~Program planning and budgeting process.~~

136 ~~F. SPENDING PRIORITIES. First priority for spending funds from the Major~~
137 ~~Maintenance Reserve Fund shall be for projects which improve safety for the public and~~
138 ~~county employees. Second priority shall be for projects which preserve facility integrity.~~
139 ~~Third priority shall be for projects which significantly reduce future maintenance costs,~~
140 ~~improve operational efficiencies or increase revenues. Fourth priority shall be for~~
141 ~~projects which improve the overall facility appearance and usability by the public.~~

142 ~~G. MINIMUM FUND BALANCE. The county shall maintain a minimum fund~~
143 ~~balance in the Major Maintenance Reserve Fund of \$1,000,000, or a higher amount as~~
144 ~~determined by the council, as an emergency reserve to deal with unanticipated and~~
145 ~~emergency major maintenance projects. If used for emergency purposes, the minimum~~
146 ~~fund balance shall be restored within one year. The fund balance should be~~
147 ~~systematically increased in anticipation of a significant outlay of funding during the later~~
148 ~~years of the 6-year capital planning cycle.)~~

149 SECTION 2. Ordinance 12076, Section 18, and K.C.C. 4.08.110 are each hereby
150 amended to read as follows:

151 **Building ~~((repair and replacement fund))~~ capital improvement fund. ((A new**
152 **capital fund is hereby entitled Building Repair and Replacement Fund, providing)) A.**
153 **There is hereby created a new county fund entitled building capital improvement fund.**

154 This fund shall be a first tier fund as described in K.C.C. chapter 4.08 and the first
155 paragraph of RCW 36.29.020.

156 B. The purpose of the fund is to provide for the receipt ((of revenues)) and
157 disbursement to appropriate capital funds ((for expenditures to repair and replace county
158 buildings and building systems. Cash balances in said fund not needed for immediate
159 expenditure shall be invested for the benefit of the fund, pursuant to the first paragraph of
160 RCW 36.29.020, and such procedures and limitations contained in county ordinance.
161 Such investments shall not negate or affect the authority of the director of finance, under
162 the guidance of the executive finance committee, to include the retained cash balance in
163 the fund as part of the residual treasury cash invested under the second paragraph of
164 RCW 36.20.020, as now or hereafter amended, for the benefit of the county Current
165 Expense Fund)) of revenues used to accommodate major functional and programmatic
166 changes in buildings, building modernization or building replacement.

167 C. Annually, the building capital improvement fund program plan shall include a
168 full itemization of all candidate projects for the ensuing budget year. The plan shall
169 include proposed funding sources for each project on this list. The executive shall report
170 annually to the council on the status of scope, schedule and expenditures for all identified
171 projects. All projects administered through this fund shall be included in the building
172 reports described in K.C.C. 4.08.250D.5.

173 SECTION 3. On or before July 1, 2002, the executive shall submit an evaluative
174 report to the council describing the effectiveness of the following:

175 A. The major maintenance financing model's accuracy in estimating actual life-
176 cycle maintenance costs; and

177 B. The completion rates for projects funded by the major maintenance reserve
178 fund during the three full fiscal years, which are 1999, 2000 and 2001, the financing
179 model has been implemented.

180 C. The executive shall submit a report that proposes and justifies an appropriate
181 level of reserves for the major maintenance reserve fund and an ordinance that authorizes
182 the recommended reserves.

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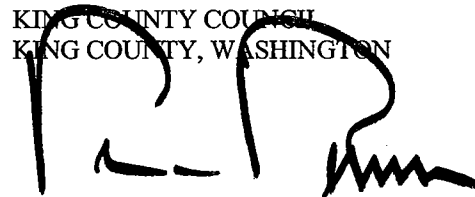
Ordinance 14230 was introduced on 2/16/99 and passed as amended by the Metropolitan King County Council on 10/15/01, by the following vote:

Yes: 11 - Mr. von Reichbauer, Ms. Fimia, Mr. Phillips, Mr. McKenna, Ms. Sullivan, Mr. Nickels, Mr. Pullen, Mr. Gossett, Ms. Hague, Mr. Thomas and Mr. Irons

No: 0

Excused: 2 - Ms. Miller and Mr. Pelz

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



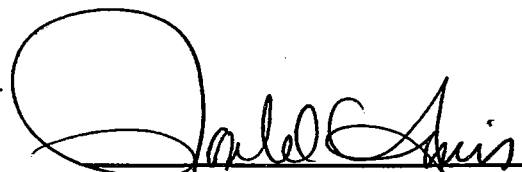
Pete von Reichbauer, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 26 day of October 2001.



Ron Sims, County Executive

Attachments None