

May 14, 2019

MEMORANDUM

To: Civil Rights, Utilities, Economic Development, and Arts Committee
From: Brian Goodnight, Council Central Staff
Subject: Council Bill 119515: Ship Canal Water Quality Project Proviso Lift

At its May 14, 2019 meeting, the Civil Rights, Utilities, Economic Development, and Arts Committee will consider Council Bill 119515 lifting a [budget proviso](#) from Seattle Public Utilities' (SPU) Ship Canal Water Quality Project (Ship Canal Project). This memorandum provides background information on Council's recent actions related to capital project oversight and details on the Ship Canal Project proviso specifically.

Background

In November 2016, the Council adopted [Resolution 31720](#) establishing a capital project oversight work program for the Council's Budget Committee in 2017. Among other things, the work program tasked the Budget Committee with developing requirements to improve the utility of Capital Improvement Program (CIP) information communicated to Council and the "development of phased appropriation requirements for large CIP projects that provide Council with the opportunity to oversee the development of a project's scope, schedule, and budget..."

During 2017, the Council and the Executive collaborated on improvements to capital project oversight, including a new phased appropriations process for two large projects: SPU's Ship Canal Project and the Seattle Department of Transportation's Delridge Multimodal Corridor Project. The phased appropriation for the Ship Canal Project is described in greater detail below.

More recently, the Council has adopted two additional resolutions relating to capital project oversight: [Resolution 31853](#) in November 2018, and [Resolution 31866](#) in March 2019. Resolution 31853 established the concept of a "Watch List" for large, complex, or politically sensitive projects. It also requested that the Executive submit quarterly reports to the Council with enhanced information about the designated Watch List projects and summary information for all capital projects, and it reiterated the Council's intent to "continue its strategic use of stage-based appropriations for select projects... that place limits on how capital appropriations may be spent on certain phases or activities in a capital project." Resolution 31866 established the capital project Watch List for 2019.

Ship Canal Project Proviso

In the event that Council Bill 119515 passes, SPU will proceed with construction on the Ship Canal Project.

In September 2017, SPU informed Council that the Ship Canal Project had experienced a significant increase in estimated cost largely driven by changes in the regional construction market and an expansion of the project's storage tunnel volume to account for updated rainfall modeling. This cost increase coincided with the Council and Executive's work on enhancing capital project oversight, and the Council imposed a phased appropriation budget proviso on the Ship Canal Project in the Adopted 2018-2023 CIP requiring an ordinance to lift the proviso before project construction can begin. The proviso is as follows:

“No funds in the Combined Sewer Overflow Budget Control Level may be spent on physical construction of the Ship Canal Water Quality Project Storage Tunnel (C315503), until authorized by future ordinance. It is anticipated that such authorization will not be granted until Seattle Public Utilities completes 100% project design of the Storage Tunnel activity and reports to the Civil Rights, Utilities, Economic Development & Arts Committee, or its successor committee.”

The budget proviso relates specifically to the design and construction of the storage tunnel, which is the largest of the project's five major components. At this time, SPU has completed 100 percent design for the storage tunnel and has issued a solicitation for construction bids.

cc: Kirstan Arestad, Central Staff Director
 Dan Eder, Central Staff Deputy Director