

CITY OF SEATTLE

RESOLUTION _____

..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.

..body

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 City Council as part of the annual and

supplemental budget process; and

WHEREAS, CIP oversight is a critical function of the Seattle City 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 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”; 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 with 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 passed 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 City Council a proposed
9 Watch List of large, complex, discrete capital projects that will require enhanced quarterly
10 monitoring reports for the next calendar year. Each year by February 15, the Council intends to
11 adopt by resolution a final Watch List that is either the Mayor’s proposed Watch List or one that
12 adds and/or removes projects from the proposed Watch List The Mayor may add projects to the
13 Watch List at any time throughout the year; and the City Council may add projects to the Watch
14 List by adopting a subsequent resolution during the year. Criteria for inclusion may include but
15 are not limited to total project cost, a known change from previously identified cost estimates,
16 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: Reader’s Guide to
19 Watch List Monitoring Reports. The City Council requests that the Executive submit such
20 quarterly reports within eight weeks of the end of each calendar’s quarter (for example, the
21 Executive should submit by approximately May 24 a report for the quarter ending March 31).

22 Each quarterly report should include the following elements:

23 (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. each additional project (if any) that the Mayor determines should be added to 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 to place a stage-based spending restriction on a project for any reason. However, the Council intends to provide heightened oversight and impose such spending restrictions on selected capital projects with unclear scopes; shifting estimated costs; uncertain capital funding plans; ill-defined

operating costs, plans, or funding plans; and other perceived significant questions about scope, schedule, and budget. Generally, the spending restriction remains in place until either (a) the City Council takes separate action to pass a future ordinance lifting the proviso or (b) the project reaches an identified milestone (such as the Mayor submitting to the Council a report describing a funding plan, bids from contractors, or notice of a grant award).

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

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

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

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

President _____ of the City Council

The Mayor concurred the _____ day of _____, 2018.

Jenny A. Durkan, Mayor

Filed by me this _____ day of _____, 2018.

Monica Martinez Simmons, City Clerk

(Seal)

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