

February 18, 2021

MEMORANDUM

To: Finance and Housing Committee
From: Dan Eder, Interim Director
Subject: 2021 Watch List – Enhanced Quarterly Reporting for Capital Projects

On February 19, 2021, the Finance and Housing Committee (Committee) will consider and may vote on [Resolution 31991](#) memorializing the selection of capital projects for which the Executive will provide enhanced quarterly reporting (“2021 Watch List”).

Consistent with [Resolution 31853](#) (adopted in 2018), the Executive submitted a proposed 2021 Watch List on January 14, 2021. The Executive’s proposed 2021 Watch List is reflected in the resolution as a starting place for Council’s consideration. The Committee can add to or otherwise change the list by amending the resolution. However, the Executive requests that the 2021 Watch List be kept to a manageable size because it is a non-trivial effort to compile the enhanced quarterly reports. The proposed list is provided in Table 1.

Table 1: Proposed 2021 Watch List

	Dept	CIP Project ID	Project Title
a.	Fin. and Admin. Services	MC-FA-FS31	Fire Station 31 Replacement
b.	Information Technology Department	MC-IT-C6304	Criminal Justice Information System Projects
c.	Seattle City Light (SCL)	MC-CL-ZT8307	Alaskan Way Viaduct and Seawall Replacement - Utility Relocations
d.	SCL	MC-CL-YR8351	Overhead Equipment Replacements (Pole Replacement)
e.	Seattle Department of Transportation (SDOT)	MC-TR-C072	Alaskan Way Main Corridor
f.	SDOT	MC-TR-C040	Center City Streetcar Connector
g.	SDOT	MC-TR-C073	Overlook Walk and East-West Connections Project
h.	SDOT	MC-TR-C051	Madison BRT - RapidRide G Line
i.	SDOT	MC-TR-C013	RapidRide Roosevelt
j.	SDOT	MC-TR-C030	Northgate Bridge and Cycle Track
k.	SDOT	MC-TR-C042	Delridge Way SW - RapidRide H Line
l.	SDOT	MC-TR-C110	West Seattle Bridge Immediate Response
m.	SDOT	MC-TR-C102	Northlake Retaining Wall
n.	Seattle Parks & Recreation (SPR)	MC-PR-41040	Lake City Community Center Improvements
o.	SPR	MC-PR-21007	Parks Central Waterfront Piers Rehabilitation
p.	Seattle Public Utilities (SPU)	MC-SU-C3614	Ship Canal Water Quality Project
q.	SPU	MC-SU-C3806	South Park Stormwater Program

Consistent with Resolution 31853, the Executive plans to submit an enhanced quarterly report substantially in the form shown in Attachment A for each project selected to be on the 2021

Watch List. Additionally, the Executive will provide summary level information about the other capital projects (i.e., all non-programmatic capital projects that are *not* on the 2021 Watch List).

Background:

The Council established expectations for enhanced reporting requirements for Capital Improvement Program projects in November 2018 through Resolution 31853. This resolution established a detailed format for the quarterly reports and a process for determining an annual “Watch List” of projects for which the Executive would provide quarterly reports. Specifically, by January 15 of each year, the Executive will propose a list of projects for inclusion on the annual Watch List. The Council communicated its intent to establish a final annual Watch List by resolution.

In Resolution 31853, the Council signaled an intent to:

“provide heightened [capital project] oversight ... 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” (Resolution 31853 at Section 6).

Due to the pandemic, the Executive submitted only abbreviated versions of the quarterly reports for projects on the 2020 Watch List.

Attachments:

- A. Enhanced Quarterly Report Format for 2021 Watch List Projects

Attachment A. Enhanced Quarterly Report Format for 2021 Watch List Projects

Specific project details utilized for illustrative purposes.

CIP Quarterly Monitoring Report

CIP PROJECT TITLE

Qx 2021

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

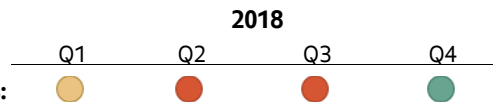
Departments provide a summary of the CIP Project and explain what work was accomplished during the previous quarter.

Department Submits Project Photo of Progress

Made in Current Quarter (or rendering for projects that are not in construction).

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".

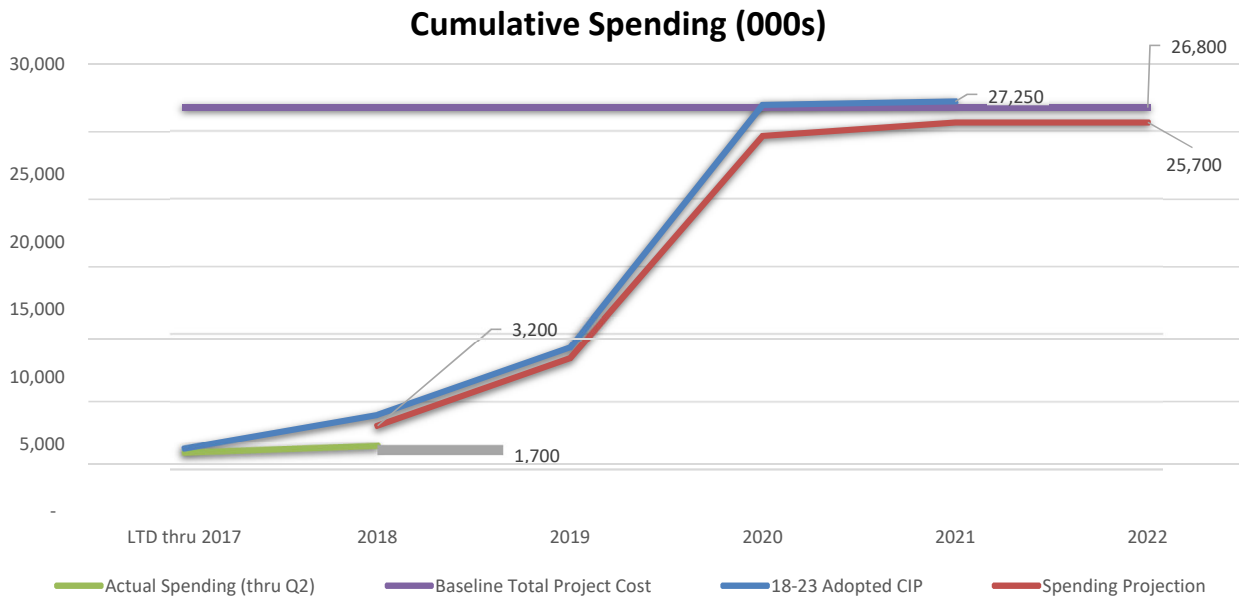
A **Green** indicator light means that the department has mitigated all known risks and they do not anticipate needing Council action in the near future. A **Yellow** indicator means that the department has identified a number of risks and has mitigated most of them, but there is a chance that they could 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.

Budget Summary (000s):	LTD thru						Total
	2017	2018	2019	2020	2021	2022	
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 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.

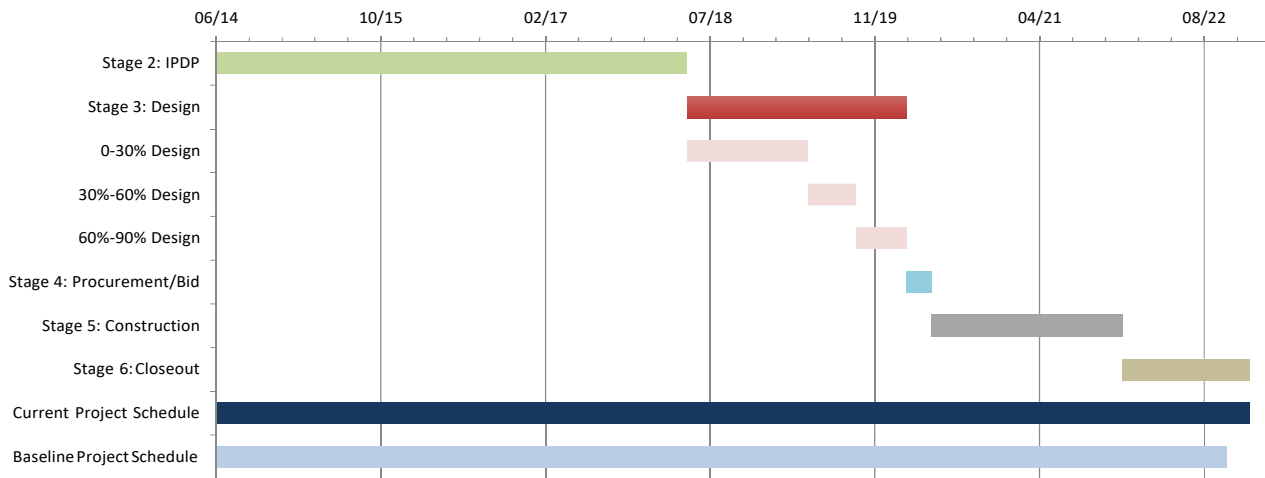
Projection Variance (Over/(Under)): This is the variance between the Adopted CIP amount, and the Spending Projection.

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.

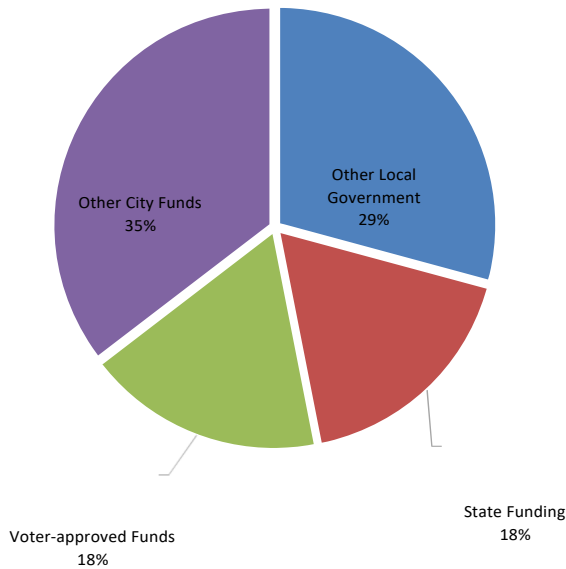
READER'S GUIDE TO WATCH LIST MONITORING REPORT

Project Funding by Source (000s)

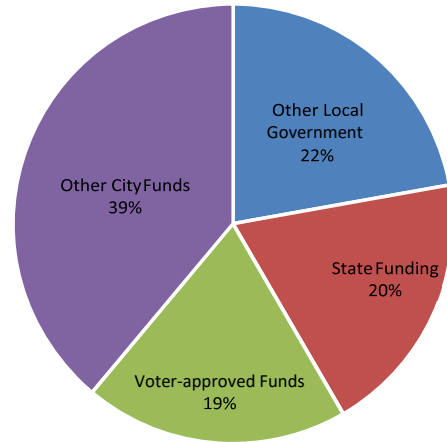
Adopted CIP Funding: \$ 28,250

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.