



King County

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## Exhibit B

# SPU/DNRP Ship Canal Water Quality Project

## CHANGE MANAGEMENT

### October 28, 2015

#### Background

SPU and DNRP are committed to work together to implement the Joint Ship Canal Water Quality Project (Project), to control both agencies' CSOs into the Ship Canal. The Project is under a Consent Decree mandated schedule (both agencies have separate consent decree schedules that this project must comply with,) and like many large scale municipal projects, is expected to be technically challenging and complex. The Project must meet all required milestones as it progresses through design and construction. Potential cost increases are to be managed and/or avoided and require management oversight, review and guidance through project design and construction.

To address the potential risks to the project, a Change Management process with a Project Review and Change Management Committee (PRCMC) is established through this document and the Joint Project Agreement (JPA) to provide senior level management oversight, support, and direction to the project. The PRCMC will focus on project issues that can affect project scope, schedule and/or budget, and serve as the forum to discuss major issues and concerns as they arise and make recommendations to keep the project on schedule and within budget. The PRCMC will provide support and guidance throughout the project design, construction phases. Decisions will be made by consensus of the Committee. If consensus cannot be reached, the decision will be elevated to follow Paragraph 12 of the One Team Decision Making Guidelines (Exhibit C).

In addition, the PRCMC will provide support and guidance throughout the project commissioning, operations and maintenance. Changes to the final Operations and Maintenance Plan are to be managed and require management oversight, review and guidance. Decisions will be made by consensus of the Committee. If consensus cannot be reached, the decision will be elevated to follow Paragraph 12 of the One Team Decision Making Guidelines (Exhibit C).

If the Parties agree to change the project scope beyond the Project Description, then the joint project cost shares and the costs to which those shares apply will be revised. The cost shares will be recalculated in accordance with Technical Memorandum No. 4 to include additional avoided independent project, if applicable. These modified cost shares will then be used to assign costs to the Parties for both the larger Ship Canal Project and any consequently modified CSO control project in other basins.

#### Project Review and Change Management Committee Objectives and Membership

SPU is responsible for the implementation of PRCMC decisions for the Project. However both agencies' compliance with their approved mandated Consent Decrees, NPDES Permits and Post

Construction Monitoring Plans are dependent in part on the Project's success in controlling CSOs. SPU will use the PRCMC to leverage the experiences, expertise, and insights of the committee members to effectively progress the Project. The PRCMC will be responsible for the following:

- Understand the commitments inherent in the Project Description and the Joint Project Agreement. Provide the bigger picture and look-ahead view;
- Reach agreement on what the required goals of the Project are versus the desired goals,
- Maintain an awareness of risks through regular project briefings;
- Engage in high level problem solving to ensure effective management of project risks,
- Monitor and conduct formal reviews of project scope, costs, schedules, refinements and adjustments during project design through construction;
- Meet every other month or more frequently as determined by the PRCMC or requested by the Project team to provide management-level oversight by both SPU and DNRP,
- Review status reports and monitor project progress;
- Review and validate prior to SPU's formal Stage Gates 2 (preferred option, funding for design, placeholder for total cost projection and O&M), Stage Gate 3 (final design plans, contract specifications and engineer's estimate of construction costs) and Stage Gate 5 (project close out) to ensure approved project objectives, as documented in the Project Description, are met or that new/modified objectives are justified and documented;
- Make decisions and provide direction to the Project team on course of action for key project elements;
- Make decisions on contract changes as defined in Table B-1, Table B-2 and Table B-3, attached;
- Authorize Project Description and budget changes.

PRCMC meetings will be structured to fully inform the committee members and provide up to date status reports on the following:

- Cost and schedule;
- Understanding of the risks identified for the Project, and the cost and schedule implications of the risks;
- Permitting challenges that affect project scope, schedule or budget;
- Alternatives analysis, and approach for on-going success of the project;
- Analysis of consultant and construction contract changes essential for project delivery as defined in the Project Description, Exhibit A; and
- The plan for stakeholder involvement, stakeholder input and expectations, and proposed strategy to respond to stakeholder expectations.

## Meetings

Meetings will be scheduled by SPU as the lead agency. The SPU Project Delivery and Engineering Deputy Director will chair the PRCMC. The WTD Division Director will attend the meetings and the SPU Project Administrator will staff the meetings. Meeting agendas will be provided at least two days in advance of all meetings. Minutes will be taken and retained on an accessible site for all committee members using either dedicated project or SharePoint. An electronic "Direction and Action Log" will be developed, maintained and retained on an accessible site for reference by the project team and the PRCMC members.

## PRCMC Membership

The PRCMC shall be composed of SPU and DNRP management with specific areas of expertise and experience considering the nature of the project and its potential challenges. The PRCMC Chair ensures the board fulfills its role. The Project Administrator organizes, schedules and staffs the meetings, develops agendas, coordinates with PRCMC Chair and DNRP's Project Representative on agenda items, materials and presentations as they are needed for the PRCMC meetings; records and maintains records for the PRCMC proceedings. Committee members will bring their experience and expertise to bear on the review, analysis and decisions made and directions given by the PRCMC.

The PRCMC members include the following:

- DNRP WTD Director
- DNRP WTD Project Planning & Delivery Section Manager
- DNRP WTD Engineering Unit Manager
- DNRP WTD Construction Unit Manager
- DNRP WTD Plant Operations Manager
- DNRP WTD Assistant Plant Manager
- SPU DWW LOB Deputy Director
- SPU Project Delivery and Engineering Branch Deputy Director (Chair)
- SPU Construction Management Director
- SPU Engineering Director
- SPU Systems Operation Assessment and Monitoring Division Director
- SPU Utility Operations and Maintenance Division Director
- SPU Systems Operation Planning and Analysis Manager
- SPU Utility Operations Manager

Participation by the members is dependent upon the phase of the Project and the PRCMC agenda. Project team subject matter experts will be requested to attend the meetings on an as-needed basis.



**Table B-1. Required Approvals for Consultant Contract Amendments**

Type of Change	Required Approval	Dollar Threshold	Aggregate Overall PROJECT Schedule Extension Threshold**	Reporting	Notes
Amendment required to deliver per JPA project description (Scope, Schedule and Budget) and is within consultant contract scope	SPU PM SPU Division Director	(Less than \$250K) Per SPU change management policies and procedures	Up to 2 months impact on the required Project delivery date in the JPA	Reporting to PRCMC  Reporting to DNRP on any and all contract changes (cost or schedule) on the monthly basis and at 30/60/90 submittals.	Changes essential for project delivery as defined in the baseline project description
	Approval by both PDEB and LOB Directors and concurrence of WTD PPD Section Manager	For changes exceeding \$250K but under \$500K	Up to 4 months impact on the required Project delivery date in the JPA		
	Approval by both SPU PDEB, LOB and concurrence of WTD Deputy Directors	For changes exceeding \$500K but under \$1M	Up to 6 months impact on the required Project delivery date in the JPA		

Any change to the project description and Amendments exceeding \$1M	Approval by SPU Director and concurrence of DNRP Director or Delegated to PRCMC	All changes that are outside the JPA project description.  All changes above \$1M	Greater than 6 months impact on the required Project delivery date in the JPA		Financial participation will be per the cost sharing agreement
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<b>Table B-2</b> <b>Required Review and Approval Responsibility for</b> <b>Construction Contract Changes Per Individual Contract GREATER THAN \$10M</b>	
<b>Construction Contract Change Threshold</b>	<b>Approval Level</b>
Change requiring usage of budgeted project contingency reserve up to \$500,000	Follows SPU project approval authority matrix
Change requiring usage of budgeted project contingency reserve over \$500,000	Follows SPU project approval authority matrix and WTD PPD Section Manager
Changes requiring usage of budgeted management reserve and aggregate changes of <\$500,000	SPU Project Manager/ Construction Manager/Director
Changes requiring usage of budgeted management reserve and between \$500K - \$1M	SPU Project Delivery and Engineering Director with WTD PPD Section Manager
Changes requiring usage of budgeted management reserve and between \$1M - \$2M or >10% and <15% of contract award amount	Project Review and Change Management Committee (PRCMC)
Changes requiring usage of budgeted management reserves > \$2M or >15% of contract award amount	SPU and DNRP Division Level Directors
Changes desired by stakeholders but not included in JPA project description < \$2 M	Project Review and Change Management Committee (PRCMC)
Changes desired by stakeholders but not included in JPA project description > \$2 M	SPU and DNRP Department Level Directors



**Table B-3  
Required Review and Approval Responsibility for  
Construction Contract Changes Per Individual Contract LESS THAN \$10M**

<b>Construction Contract Change Threshold</b>	<b>Approval Level</b>
Change requiring usage of budgeted project contingency reserve up to \$250,000	Follows SPU project approval authority matrix
Change requiring usage of budgeted project contingency reserve over \$250,000	Follows SPU project approval authority matrix and WTD PPD Section Manager
Changes requiring usage of budgeted management reserve and aggregate changes of <\$250,000	SPU Project Manager/ Construction Manager/Director
Changes requiring usage of budgeted management reserve and between \$250K - \$500K	SPU Project Delivery and Engineering Director with WTD PPD Section Manager
Changes requiring usage of budgeted management reserve and between \$500K - \$1M or >10% and <15% of contract award amount	Project Review and Change Management Committee (PRCMC)
Changes requiring usage of budgeted management reserves > \$1M or >15% of contract award amount	SPU and DNRP Division Level Directors
Changes desired by stakeholders but not included in JPA project description < \$1 M	Project Review and Change Management Committee (PRCMC)
Changes desired by stakeholders but not included in JPA project description > \$1 M	SPU and DNRP Department Level Directors

- **Project Contingency Reserves:** The amount of funds allocated to the project to cover identified risk events identified in the risk register that occur on the project, excluding changes to project scope.
- **Project Management Reserves:** The amount of funds allocated to the project to cover unidentified and unquantifiable risk events that occur on the project.
- **Project Reserve:** Sum of Project Contingency Reserves and Project Management Reserves. Project Reserves are part of the cost estimate and approved project budget.
- **Project will have major milestones:** Submission of Draft Facility Plan for review, Submission of Final Facility Plan for Approval, Submission of Draft Plans and Specifications for Review (90%), Submission of Final Plans and Specification for Approval (100%), Construction start (Notice to Proceed) and Construction Completion are SPU's Consent Decree/LTCP milestone requirements. Any delay to any of the milestones is subject to the Change Management process.

The project reserve threshold levels may be revised upon mutual written agreement of the Parties, executed by the Department Directors or their designees.