

CIP Proviso

Initial Report – March 23, 2021



Redmond
WASHINGTON

Table of Contents

INTRODUCTION.....	3
I. SUMMARY DESCRIPTION	4
II. STATUS, EVALUATIONS AND RECOMMENDATIONS	5
A. STATUS THROUGH 2020	5
B. EVALUATION/EXPECTED RECOMMENDATIONS FROM WORK COMPLETED IN 2020.....	5
C. PROGRESS ON ELEMENTS OF PROVISOR PART 1, SECTION B	6
III. BUDGETING AND MONITORING CHANGES	8
IV. OUTLINE/SCHEDULE - CHANGE IMPLEMENTATION.....	9
APPENDIXES	
APPENDIX A: CIP PROVISOR	
APPENDIX B: ATTACHMENTS	

Introduction

The CIP Proviso (Appendix A) was approved by the City Council on December 10, 2020, as part of the 2021-2022 budget. The Proviso has a requirement for an initial report and final report.

According to Part 1, Section A of the Proviso, the Initial Report will include the following:

- I. Summary description of the progress through March 1, 2021
- II. Status, evaluations and expected recommendations from work completed in 2020
- III. Changes and anticipated improvements to the CIP budgeting and monitoring process
- IV. Outline and schedule of how changes will be implemented

The elements of Part 1, Section B, of the Proviso that are contained in this Initial report include:

1. Standardization of definitions
2. Project program planning standards
3. Risk and oversight
4. Investment prioritization

Work is progressing on the remaining elements of the Proviso.

Initial Report Acceptance

Council shall determine acceptance by motion during a regularly scheduled council business meeting within two scheduled business meetings after receipt.

I. Summary Description

Work on the CIP Proviso is actively progressing while capital project management and delivery continues. Project highlights include:

- Evaluating 2019-2020 results and accomplishments
 - Projects completed
 - Spend rate
- Gathering data on definitions, policies, and processes
 - Standardization of definitions - CIP Policies
 - Project program planning standards - Business Case
 - Risk and oversight - Risk Management process
 - Investment prioritization - CIS
- Identifying potential program enhancements
 - Enhanced business case justification
 - Revised project evaluation criteria including incorporating social equity
 - Portfolio and program level performance metrics
 - Continuous improvement of program management
 - Clear and consistent communication with Council
 - Enhanced budget presentation materials
- State Auditor's Office
 - Contacted State Auditor's Office
 - Two meetings to discuss potential support services
 - Recommending process improvements

II. Status, Evaluations and Recommendations

A. Status through 2020

Detailed below are the enhancements to the 2020 Capital Project Delivery, including:

- Initiated a more comprehensive business case process
- Updated the Governance Committee process
 - Refined Governance Charter
 - Further defined roles for the Portfolio Management Committee and the Governance Committee
 - Developed CIP SharePoint site to manage process and decisions
- Expanded CIP reporting to include projects not managed by the Construction Division
- Developed programmatic spend reports and initiated quarterly program spending projections
- Refined funding distribution projections through improved scheduling and monthly project spending by phase
- Improved the process to identify projects with issues and potential remedies

Additional program changes due to Covid-19 restrictions:

- Initiated electronic document routing and signing process
- Developed virtual bid opening process
- Numerous changes to inspection and site meeting processes
- Made several revisions to the CIP as funding and staffing projections changed

B. Evaluation/Expected Recommendations from Work Completed in 2020

2020 was a productive year for Redmond's capital project delivery program. Thirteen of 15 projects were completed in the target year with two lagging projects likely to be completed this April. Spending was in line with projections at just over 80%. Projects targeted for 2021 are on track. However, external issues are likely to result in two projects being moved to 2022. Other concerns that may have an impact on project delivery are increased costs due to a robust building environment, bids coming in higher than expected and materials becoming harder to obtain due to longer lead times. The following observations are based on a preliminary evaluation of 2020:

- Project management software is still needed – project data is not easy to access and data across programs or the portfolio requires manual analysis. Project management software has been prioritized after the City makes progress on the current Big Four technology projects.
- Design schedules for larger projects with external requirements need to be extended. Most common causes for project design delays include:
 - External permitting (Keller Farm – Army Corps permit, and Smith Woods – Muckleshoot Tribe review)
 - Property rights acquisition (Right-of-Way) with limited real property staff resources and longer negotiation timelines
 - Coordination with other projects (Sound Transit and private development)
 - Grants (Fire Station 16 and Central Connector Linkages)

- Scope uncertainty and/or scope changes (90th Pond)
 - Internal permitting
- Performance metrics and measurement need enhancing
- Re-examine reporting to City Council

C. Progress on Elements of Proviso Part 1, Section B

The numbering in this section matches numbering in the Proviso Part 1, Section B.

1. Standardization of definitions

Existing definitions and policies that determine investments to be included in the CIP are being reviewed and refined. The existing definitions and policies are included in Appendix B.

2. Project program planning standards

CIP Project planning is reviewed monthly to evaluate the progress of all active projects. Schedule adjustments and potential cost concerns are identified, and effective course corrections are presented. Schedule information is used for workload planning and is a driver for inspector assignments. The information is displayed as a bar chart including preliminary design, design, construction and close out sections with accompanying milestone dates, budget and costs estimates. A sample of the bar chart is included in Appendix B.

3. Risk and oversight

Planning and managing for risks help improve the likelihood that the project will be successfully delivered. The level of risk planning needed is dependent on the size, complexity and inherent risks associated with projects. Generally, the current risk management approach has three levels:

- Minimal risk – no formal process
- Light risk – risks evaluated with business case and used to develop contingencies
- Standard risk – formal risk analysis

Please see Appendix B for further information.

4. Investment prioritization

The Capital Investment Strategy process is used to prioritize the projects that are used to plan the investments (see Appendix B). Projects are developed by the functional areas driven by the Comprehensive and system plans and refined by functional priorities. Business cases are developed and are brought together across the City and evaluated by City-wide criteria (sample Business Case included in Appendix B). Priority projects are added to the CIP based on priority, investment timing and available funding. Additional detail on this process will be presented to Council separate from this report.

Work is progressing on the remaining elements of the Proviso; a brief description is provided.

5. Descriptions of major changes - a process currently exists to report individual project changes to the City's Governance Committee. We are considering the format and information refinements for reporting to Council
6. Improvement to budget preparation
 - a. Considering several options to enhance budget presentations
 - b. Considering further enhancements to Budget document materials
7. Communication of revenue
 - a. Considering changes to the presentation of the scope and scale of CIP revenues
 - c. Considering changes to the Budget document materials to be more understandable including, one-page outlines for each project and categorization of presentation
8. Improvements to budget process
 - a. Evaluate continuous project appropriation
 - b. Analyze advantages and disadvantages of expenditure at the project or program
 - c. Improve performance metrics realizing the limitations for software
 - d. Consider options for portfolio reporting and the baseline. Current baseline for each project is at 30% design. project level -
 - e. Consider options to develop qualitative benefits through asset management currently defined in the business case
 - f. Evaluate tools needed to conduct a program or master project level rollup
 - g. Improve and standardize contingency process.
9. Refine approach and focus on cost of the project to complete reporting options

III. Budgeting and Monitoring Changes

CIP project budgets are consistently monitored, and cost estimates are reevaluated a minimum of nine times throughout the life of the project.

CIP Project budgets, including contingencies based on risk, are established with the approval of the overall City biennial budget. The approved projects are scheduled based on the funding allocations by year, project business case and delivery target are set by the functional area. An outline of the process is below:

- At project initiation the budget is reviewed with the project charter and the project cost estimate is updated.
- Project design commences and is taken through 30% design to review and decide on the preferred alternative. At this point, the cost estimate is updated and the project "baseline" is set for the scope, schedule, and budget. The baseline is used to measure project performance.
- As the design progresses, the cost estimate is typically updated at 60% design, 90% design and 100% design, when the engineer's estimate for bidding is established. If at any point the cost estimate is more than planned, the project is highlighted. These highlighted projects are monitored, and changes are brought to the CIP Governance Committee for consideration. If budget changes are needed, the project is brought to City Council for approval. Change approval can be as part of the budget process or at a strategic point such as, with consideration of consultant agreement, supplemental agreement or grant approval.
- Once the project is ready for construction, it is advertised, bids are received, the apparent low bid is determined, and then the project cost estimate is reevaluated. The project is taken to Council for award with any adjustment to the budget as needed.
- As the project progresses through construction the budget is monitored and any change orders are considered within the project contingency.
- Once the project construction contract work is complete, the work is accepted by Council and any remaining funds are typically sent back to their originating fund.

IV. Outline/Schedule - Change Implementation

The second quarter of 2021 will be used to develop the final Proviso report with recommendations for Proviso Part 2, Section B elements.

Enhanced Reporting to City Council – Commitment was made during the budget process to enhance CIP reporting. Current ideas being considered:

- Quarterly reporting on portfolio and program overall status
- Projects with issues and changes
- Council actions expected in the next 3-6 months
 - Consultant agreements or supplementals
 - Awards
 - Acceptances
 - Other

If Council approves, development could begin as soon as the second quarter of 2021, initial Implementation in the third quarter of 2021, with full implementation in 2022.

Project Management Software – The search for Project Management software has been delayed due to implementation of the Big Four technology projects. Project Management Software could be the next priority project after one of the current “Big 4” projects is completed.

Improve Performance Metrics – Data management and evaluation is limited without Project Management software, but some performance data is available and could provide a better general understanding on the CIP portfolio. The CIP spend rate and the monthly construction project update presentation are currently used as a reporting mechanism with Council.

Additional Program enhancements being considered:

- Improvements to the business case justification section to better tie project to long-range plans and functional area goals.
- Improved reporting on projects managed outside of the Construction Division.
- Refinement to the risk management process to consider changes as potential risks are identified or mitigated.
- Stronger project baselining to formally set the foundation for performance measurement
- Expanded program manager responsibilities and reporting requirements to strengthen broader understanding of the program status, not just individual project status.
- Development of stronger lessons learned. Not just after completion of project but over time to measure performance of project and ensure project goals are met.

Implementation schedules for the above items will be developed for the Final Proviso report.

Appendix A

CIP Proviso

EXHIBIT D-2

P1 PROVIDED THAT:

A: Of this appropriation in the General Fund, Fund 100, \$1,700,000 shall not be expended or encumbered until the Mayor transmits the following two reports and are both accepted by Council by motion:

Initial Report to be provided to Council on or before March 31st, 2021 will provide a summary description of the progress through March 1st, 2021, and includes the status, evaluations and expected recommendations from work completed in 2020, of changes and anticipated improvements to the CIP budgeting and monitoring process. This report will also include an outline and schedule of how changes and associated improvements to the CIP process will be implemented in the form of a budget revision prior to December 31st, 2021. Council shall determine acceptance by motion during a regularly scheduled council business meeting within two scheduled business meetings after receipt.

Final Report to be provided to Council on or before July 1st, 2021 will provide the results of an evaluation of the methodologies, reporting, and financial policies as they relate to the Capital Investment Program, and is accompanied within 30 days of submittal and not before 15 days of submittal, by a scheduled council study session with staff presentations of findings and recommendations. Council shall determine acceptance by motion during a regularly scheduled council business meeting within two scheduled business meetings after receipt.

These reports, and required by this proviso, shall be submitted with the purpose of providing Council with the information to determine, and by approved motion and/or ordinance, changes, that will strengthen the City of Redmond's *Capital Investment Plan (CIP)*.

If the Mayor fails to submit either report by the stated due dates herein and completed in a comprehensive manner as defined in section B of this proviso, the expenditure restrictions become in effect until the end of the budget biennium or until Council takes action to amend the budget with a formal budget revision.

B: These reports shall include, but not be limited to, the following:

- 1) An assessment of potential options that will improve CIP definitions in order to provide improved consistency and standardization of what is included in CIP. These definitions shall include nature of assets, dollar amount thresholds, standard project management naming of project phases, life expectancy of asset, staff costs to be charged to CIP, when a study is CIP, equipment purchases, financial plan descriptions and definitions.
- 2) Project and Program planning standards that include defined project phases, business case requirements, benefits justifications, realistic timelines, and measurement and estimates of progress regarding scope, schedule, and budget.
- 3) Improved standardization of risk management planning and oversight communication.
- 4) An assessment of potential options that will improve criteria and communication of investment prioritization and organization of CIP such Safety, Legal Mandates, Grant Opportunities, Maintaining or Improving Service Levels, Cost Savings, Preservation of Assets, Strategic goals,

- 5) Understandable descriptions of major changes to CIP proposed budget that explain change drivers, funding limitations, or other constraints.
- 6) Improvements to budget preparation for the Preliminary Budget and communication with council during the budget adoption process.
 - a) Clear summaries at total CIP, program levels, project levels of expenditures to date, status of planned project milestones, reliable estimates to complete, and timelines.
 - b) Crosswalks that clearly define changes in priorities of CIP budget requests from prior budget period
- 7) Options to improve and communicate a revenue plan that supports appropriation at the project level, establishes fund reserves, and is understandable in its alignment with higher summary levels including budgets by fund levels and other constraints and restrictions of revenues.
- 8) Potential options to improve year over year budget needs of 6 Year CIP
 - a) Evaluate multi-biennial project appropriation implemented in phases with automatic carryover of budget appropriation or continuing appropriation.
 - b) Evaluate advantages and disadvantages of expenditure at the project or program level as compared to expenditure authority at fund level.
 - c) Options to establish improved performance metrics, with emphasis on high cost, high risk projects that monitor scope, schedule, budget, and risk mitigation actions.
 - d) Provide options for establishing a baseline for project budgets that will be used to measure budget to actuals across the life of the project regardless of additional or reduced appropriation not related to scope changes.
 - e) Provide options to measure benefits of project with emphasis on improved safety, measurable cost savings, and improved services in the operating budget
 - f) Evaluation of program or master project level rollup of projects, including potential of expenditure authority at these levels. (Common characteristics, similar in scope, relatively small in scope and budget, and within the biennium duration.
 - g) Options to improve and standardize contingency appropriation consistent with the risk plan and to reflect changes (typically reductions) as risk factors are clarified as a project progresses through the design and construction phases.
 - h) Standard for estimating and presenting costs to complete an existing project based on planned completion of scope, phase, etc. Specifically, a calculated Estimate to Complete by subtracting Estimate at Completion from expenditures to date should not be considered an acceptable number to present to council for budget deliberations.
- 9) Develop reporting options that meet the needs of Council to make informed budget decisions, monitor and provide CIP oversight, strengthen financial policies and collaborate with the Mayor to ensure delivery and investment in capital infrastructure and assets to maintain and improve services to the people in Redmond in a timely, cost effective, and value-driven manner.

P2 FURTHER PROVIDED THAT:

A: Of this appropriation, \$ 300,000 shall not be expended or encumbered within the General Fund 100 and in the Finance Department until the Finance Director requests an audit in writing of the Capital Investment Program by the Office of the Washington State Auditor to conduct an objective examination of our 2019/2020 CIP practices and requests that this audit be completed prior to June 1st, 2021.

Appendix B

Attachments

Capital Investment Program Glossary

Capital Investment Program Fiscal and Accounting Policy

CIP Project and Portfolio Definitions

CIP Project Status and Phase Breakdown/Definitions

Sample Bar Chart

Risk Management Plan Process

Overview of Capital Investment Strategy (CIS) Methodology

Sample Business Case

Capital Investment Program Glossary

CAPITAL INVESTMENT PROGRAM GLOSSARY

CITY OF REDMOND

Appropriation: An authorization by the City Council that allows expenditures of government resources. Appropriations are typically granted for a one-year period.

Beginning Fund Balance: The amount remaining after accounting for the previous year's revenues, less the previous year's expenditures.

Bond (Debt Instrument): A written promise to pay a specified sum of money at a specified future date, at a specified interest rate. Bonds are ordinarily used to finance capital facilities. Redmond typically issues general obligation, revenue or special assessment bonds.

Capital Facilities Plan (CFP): A planning document required by the Growth Management Act that addresses capital projects and anticipated sources of funding over a six-year period.

Capital Investment/ Improvement Program (CIP): A budget and planning process used by the City to determine what capital projects will be carried out during the next six-year period. The first year of the six is included in the annual operating budget and the remaining years' projections are updated annually.

Capital Investment Strategy (CIS): A strategy which ensures capital investments across the City are proposed in a coordinated fashion and focused on the vision as defined by the adopted comprehensive plan. It informs the capital facilities plan and the ability of the City to facilitate growth. An inherent aspect is the ability to maintain the City's past investments into the future.

Capital Assets: Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.

Community Facilities District: The voluntary landowner financing of community facilities and local, sub-regional, and regional infrastructure by the forming of legal entity called a community facilities district. Community facilities districts may only include land within urban growth areas designated under the state growth management act, located in portions of one or more cities, towns, or counties.

Contingency: A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Ending Fund Balance: The beginning fund balance plus current year revenues, less current year expenditures.

Fund: An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves and equities.

Fund Balance: The excess of a fund's assets over its liabilities.

Intergovernmental Revenue: Funds received from federal, state and other local government sources in the form of grants, shared revenues and payment in lieu of taxes.

Improvements: Buildings, structures or attachments to land such as sidewalks, trees, drives, tunnels, drains and sewers.

Maintenance and Operations Center (MOC): The facility that is the base for most of the City's field operations staff for Public Works and Parks. Also located at the MOC is the City's vehicle maintenance shop.

Maintenance and Operating (M&O) Costs: Expenditures that represent amounts paid for supplies (e.g. office supplies, repair and maintenance supplies, minor equipment and software), and other services (e.g.

ongoing contracts, professional services, communication, utilities and intergovernmental services).

Performance Measure: A numerical expression documenting some aspect of the output or outcomes of an activity, service, process or program.

Revenue Bonds: Bonds issued pledging future revenues (usually water, sewer or drainage charges) to cover debt payments.

Supplemental Appropriation: An appropriation approved by the Council after the initial budget is adopted.

Vision Blueprint: A long-range capital investment strategy that outlines the investment needed in the long-term to realize the City's vision.

Capital Investment Program Fiscal Policy

CAPITAL INVESTMENT PROGRAM FISCAL AND ACCOUNTING POLICY

CITY OF REDMOND

Capital Investment Fiscal Policies

- The City will make capital improvements in accordance with an adopted capital investment program. Capital funds may be used on:
 - Non-recurring capital expenditures (such as capital projects).
 - Qualifying non-recurring capital projects should be at least \$50,000 (or part of a system with a value of more than \$50,000); and
 - towards an asset with a useful life of at least five years; or
 - directly for related costs (such as preliminary engineering, monitoring of capital asset performance, etc); or
 - planning efforts that result in specific capital improvements identified in the City's Capital Investment Strategy and approved by the Capital Investment Program Governance Committee.
- The capital investment program and the base operating budget will be reviewed at the same time to ensure that the City's capital and operating needs are balanced with each other and that the capital investment program is aligned with the City's other long-range plans.
- The City will develop a six-year plan for capital improvements including operations and maintenance costs and update it every biennium. Capital expenditures will be forecasted taking into account changes in population, changes in real estate development, or changes in relevant economic condition of the City and the region.
- The City will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to Council for approval. The City will use intergovernmental assistance and other outside resources whenever possible.
- All staff (FTEs) related to capital project implementation will charge directly to capital projects if the projects are a part of the Capital Investment Strategy and approved by the City's Capital Investment Program Governance Committee.
- The City will determine the least costly financing method for all new projects.
- The City will transfer, annually, five percent (5%) of discretionary General Fund revenues made up of one-time and ongoing funds and the pavement management contribution to the capital investment program as part of the City's biennial budget.
- The City will develop and maintain a "Capital Investment Strategy" (also known as the "Vision Blueprint") that facilitates the planning for meeting the facility and other capital needs of the community consistent with the City's vision, comprehensive plan and functional area plans (in that order).
- Discretionary capital investment revenues collected from the five percent (5%) or more General Fund transfer and real estate excise tax will be utilized for capital improvements that support the vision of the city consistent with the City's Capital Investment Strategy.
- Real Estate Excise Tax will be used for one-time capital project funding, not for general maintenance of the City's infrastructure as allowed by law.

- A contribution (\$1.1 million) from sales tax on construction, adjusted annually for inflation, will be transferred into the capital investment program.
- Applications to receive grant funding will only be submitted if the project receiving the funding is a part of the City's Capital Investment Strategy and/or approve by the Capital Investment Program Governance Committee.
- The City will utilize the Business Fee and Tax Advisory Committee to advise the City on expenditures from the transportation surcharge portion of the Business Tax as outlined in City Council Resolution Number 1375.

Short-Term Debt Policies

- Short-term debt is defined as a period of three years or less.
- The City may use short-term debt to cover temporary cash flow shortages, which may be caused by a delay in receipting tax revenues or issuing long-term debt. The City will not use short-term debt for current operations.
- The City may issue interfund loans rather than outside debt instruments to meet short-term cash flow needs. Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of these funds will not impact the fund's current operations. All interfund short-term borrowing will be subject to Council approval and will bear interest based upon prevailing rates.

Long-Term Debt Policies

- Long Term debt is that debt which exceeds three years.
- The City will utilize long-term borrowing for capital improvements that cannot reasonably be financed on a pay-as-you-go basis from anticipated cash flows.
- Acceptable uses of bond proceeds are items which can be capitalized and depreciated. Refunding bond issues designed to restructure currently outstanding debt is also an acceptable use of bond proceeds provided that the net present value (NPV) of savings is at least 4%.
- The City will determine whether self-supporting bonds (such as special assessment improvement district bonds) are in the City's best interest when planning to incur debt to finance capital improvements.
- The City will not use long-term debt for current operations.
- The City will maintain proactive communications with the investment community about its financial condition. The City will follow a policy of full disclosure on financial reports and bond prospectus including proactive compliance with disclosure to the secondary market.
- General Obligation Bond Policy
 - Every project proposed for financing through general obligation debt shall be accompanied by a full analysis of the future operating and maintenance costs associated with the project.
 - Bonds cannot be issued for a longer maturity schedule than a conservative estimate of the useful life of the asset to be financed.
 - Before general obligation bond propositions are placed before the voters, the capital project under consideration should have been included in the Capital Improvement Program. The source of funds should describe the intended use of bond financing.
- Limited Tax General Obligation Bond Policies

- As a precondition to the issuance of limited tax general obligation bonds, alternative methods of financing should also be examined.
 - Limited tax general obligation bonds should only be issued under certain conditions:
 - A project requires monies not available from alternative sources;
 - Matching fund monies are available which may be lost if not applied for in a timely manner; or
 - Catastrophic conditions.
- Financing of Lease Purchases
 - Under Washington State law, the public may vote to approve bond issues for general government purposes in an amount not to exceed 2.5% of assessed valuation. Within the 2.5% limit, the Redmond City Council may approve bond issues and/or lease purchases up to 1.5% of the city's total assessed value. In addition, state law provides for an additional 2.5% of assessed valuation for parks and open space purposes with a vote of the public.
 - Lease purchase financing may be used when the cost of borrowing or other factors make it in the City's best interest.
- Long Term Interfund Loans
 - The City may issue interfund loans rather than outside debt instruments as a means of financing capital improvements. Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of these funds will not impact the fund's anticipated operations. All interfund borrowing will be subject to prior approval by the City Council and will bear interest based upon prevailing rates.
 - The decision to use interfund loans rather than outside debt will be based on which is deemed to be the most cost effective approach to meet city capital needs. Such assessment will be reviewed by the City's Financial Advisor who shall provide an objective analysis and recommendation to the City Council.
- No bond issued for a capital project of the City shall result in a debt-to-equity ratio of greater than 0.5 for the project without voter approval. All bonds shall include adequate financing to complete all phases of work (Item 5d), unless otherwise limited by law.

Reserve Fund Policies

- Biennium surpluses in the General Fund will be used to fund one-time operations and capital expenditures, dedicated to the Capital Improvement Program or placed in an economic contingency account if there are surplus balances remaining after all current expenditure obligations and reserve requirements are met.
- In order to maintain the significant investments in utility capital assets there shall be a transfer from the utility operations funds to the utility capital project or reserve funds to be expended on future utility capital projects. The transfer will be calculated on the current year's depreciation expense, less the annual principal payments on outstanding debt.
- Bond reserves shall be created and maintained by the Water/Wastewater and Stormwater Utilities in accordance with the provisions set forth in the bond covenants.

Capital Investment Accounting Policies

- The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.
- Major outlays for capital assets and improvements are capitalized as projects are constructed.
- Land, construction in progress, and works of art are not depreciated.
- Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings/Building Improvements	50
Other Improvements	15-50
Vehicles	3-15
Machinery and equipment	6-20
Utility infrastructure	10-100
Streets, paths, trails	50
Streetlights and traffic signals	30

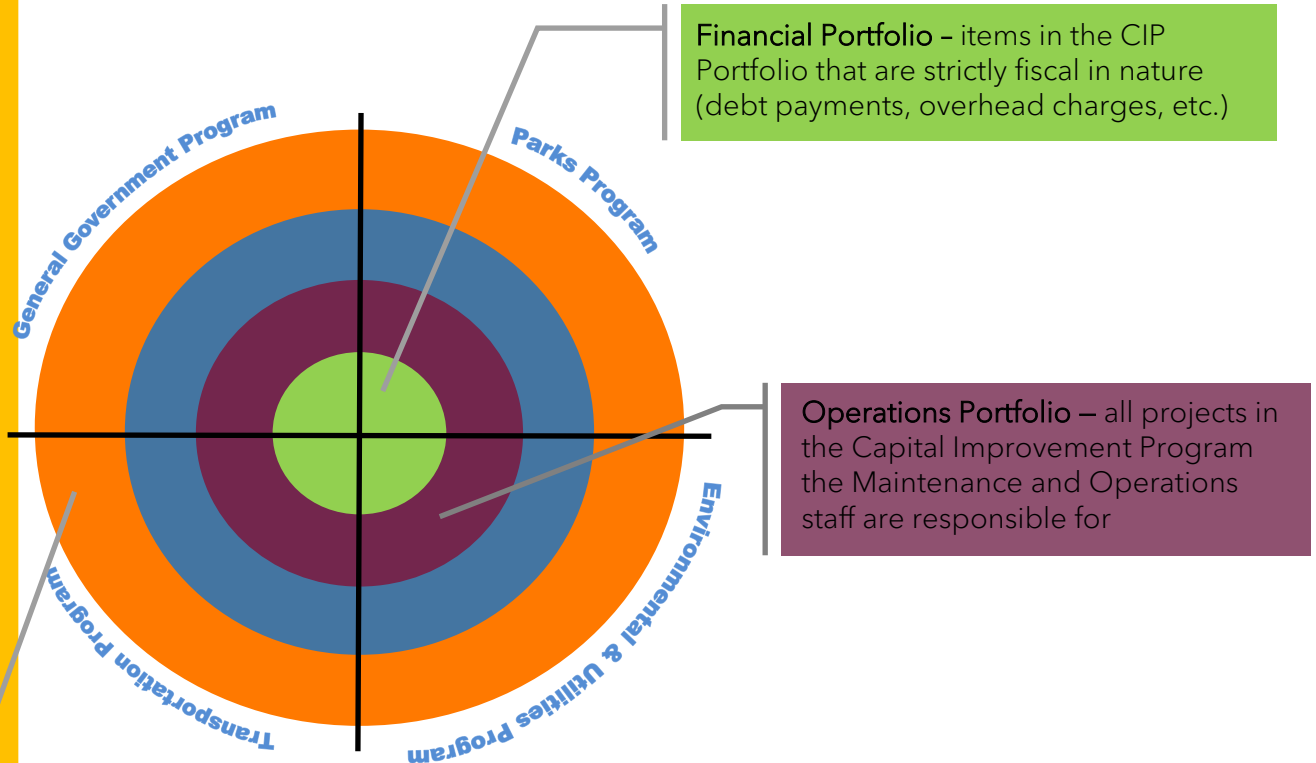
CIP Project and Portfolio Definitions

CIP Program & Portfolios

CIP Project and Portfolio Definitions

Capital Improvement Program (CIP), a dynamic community planning and fiscal management program used to coordinate the location, timing, and financing of capital improvements over a multi-year period

CIP Portfolio, all the items and projects in the capital improvement program approved by the City Council



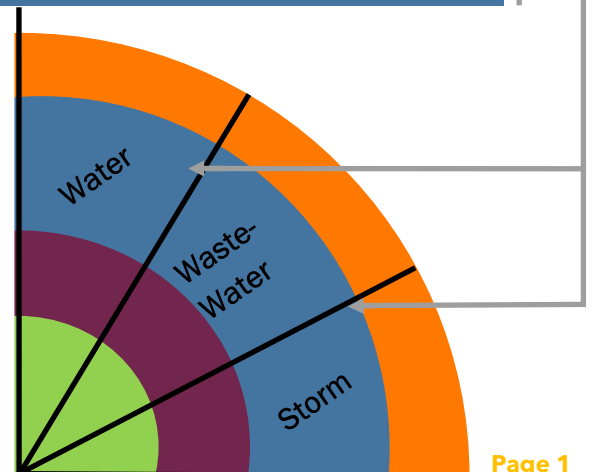
Financial Portfolio – items in the CIP Portfolio that are strictly fiscal in nature (debt payments, overhead charges, etc.)

Operations Portfolio – all projects in the Capital Improvement Program the Maintenance and Operations staff are responsible for

Construction Division Portfolio – all approved projects in the Capital Improvement Program to be managed by the Construction Division

Administration Portfolio – all projects in the Capital Improvement Program the functional area is responsible for

Program, a group of related projects managed in a coordinated way to obtain benefits not available from managing individually. Redmond's 4 (four) program areas are Transportation, Utilities, Parks, and General Government



Portfolio & Project Oversight

- Governance Committee**, the authorization body which provides direction on capital projects; includes Directors and the COO
- Portfolio Management Committee**, made up of program managers, Construction Division manager and fund managers (general fund and utilities). Committee evaluates project progress, considers deviations from plans, provides guidance to project staff and makes recommendations to the Governance Committee
- CIP Portfolio Manager**, the person responsible for facilitating committee meetings, tracking portfolio and program data and bringing project issues to the committees for information and guidance
- Program Managers**, the four (4) program managers are responsible for delivery of all projects within the their respective program area and for supporting the entire CIP Portfolio
- Project Manager** - Construction Division Engineer assigned to lead the project through design and construction
- Functional Area**, the seven (7) main infrastructure types the City manages: water, wastewater, stormwater, facilities, traffic ops, transportation, and parks
- Functional Area Manager**, person with management responsibility over a functional area
- Functional Area Lead**, staff person assigned to be the functional area representative on the project responsible for project initiation/chartering and supporting the project team throughout the project

Project Type

Active - a project that has been initiated and has not yet been accepted and/or is not on hold

Added - any project not in the Complete Construction Division Portfolio originally approved by City Council in the budget process but is later assigned to the Construction Division. Also includes any project separated from an approved project creating an additional project.

Carry Over - projects that at baseline were planned for substantial completion in a given year but were not completed and were carried over into the next year.

Inactive - a project that has 'not started', or is 'on hold'

Not Started - a project that is on the CIP plan but has not been started

On Hold - a project paused at any time during preliminary design or design

Open - a project in any "stage" from Initiation through Warranty/Closeout

Removed - a project removed from the CIP, moved from Construction Division to Functional Area or Maintenance to complete; includes projects merged with another project



Projects Phases & Stages

All active projects have four (4) distinct phases

Right of Way, the process of procuring property and easements. The Right of Way phase can occur concurrently with the Preliminary and/or Final Design phases and should be complete before project advertisement.

Preliminary Design, the period from project initiation through the completion of 30% design, when the project baseline is established.

Design, the period from baseline establishment through contract award by Council or Mayor

Construction, the period following project award through physical completion and project acceptance

Projects pass through multiple stages while in a project phase.

Initiation/Chartering, the first stage of Preliminary Design when a project number is assigned to it, the project charter is created and ends when a Notice to Proceed is sent to the Consultant

Preliminary Design (0% - ~30%), the second and final stage of Preliminary Design when the preferred alternative is selected, the scope is defined, and the baseline schedule and cost estimate is developed

60%, 90%, & 100%, progressive stages during the Design phase of the project

Bid/Award, the final stage of the Design phase when the project goes out to bid and the contract is awarded to the lowest responsible bidder

Pre-Construction, the first stage of the Construction phase when contract documents are signed and the pre-construction meeting is held

Construction, when active construction activities are taking place, this stage ends at substantial completion

Punchlist, following substantial completion, construction activities are directed by the punchlist created by the project team after inspection of the project

Acceptance, the final stage of the Construction phase. All construction activities have completed and the project is prepared for acceptance by Council or the Mayor

Baseline - project statistics at the point in time when preliminary design is completed (~30%), the preferred alternative is selected, scope is defined, schedule defined based on scope, detailed cost estimate developed based on scope and schedule and authorized funding is in place. Project management performance is evaluated relative to the baseline.

CIP Project Milestones

Key events marking the achievement of significant goals in the development of a project. Typically: initiation, baseline, advertisement, award, substantial completion, acceptance, and close.



Other Definitions & Project Tools

Stages of Completion

Substantial Completion – point near the end of construction where the City has possession and use of the infrastructure; project looks done to the public. This milestone is used for performance reporting

Physical Completion – all contractor project work is complete, including all punch list items

Completed – Construction contract accepted by City (Council or Mayor). May still be work for staff or consultants before the project is closed.

Closed – all work completed, warranty period & work completed, project number is closed

Complete Construction Division Portfolio, all the projects in the CIP Construction Division Portfolio plus any other projects assigned to the Construction Division funded by other means (ex. fire district support projects, Sound Transit projects, maintenance or operations funded projects, projects for other agencies)

Construction Division Project Planning Bar Chart

Schedule spreadsheet of the Complete Construction Division Portfolio of projects with work proposed in the current six-year CIP

Monthly Project Progress Meeting – meeting with Construction Division leadership, Financial and Grant Analyst and Project Coordinators to review the Construction Division project planning bar chart and discuss status of all active projects (scope, schedules and budgets/costs), look ahead at upcoming projects, develop feedback for project management staff and provide information for organizational reporting

Project Cost Sheets – financial spreadsheets for each active project, including expenditures, funding breakdown and approved budget. Data is pulled from Dynamics and manually updated – typically monthly.

Dynamics – City's electronic financial system



CIP Project Status and Phase Breakdown/Definitions

CIP PROJECT STATUS AND PHASE BREAKDOWN

State	Status	Phase	Phase Description	Stage	Ending Milestone	Description/Comment
Planned	Inactive			Not Started	Initiation	
Open	Active	Right-of-Way	Procuring property and easements	Preliminary Design/ Final Design	ROW settled	Occurs across several stages/phases in Preliminary or Final Design sub phases – should be complete before advertising.
		Preliminary Design	Period from initiation through ~30% design, when the project baseline is established	Initiation/Chartering	Design Start	Assign project number, Project Charter, Consultant Selection. Design start commences with Consultant Notice to Proceed.
				Preliminary Design (0% - ~30%)	Project Baseline (~30%)	Preliminary design is completed (~30%), preferred alternative selected, scope defined, schedule set, detailed cost estimate developed based on scope and schedule and authorized funding in place.
		Design	Period from baseline through award by Council or Mayor	(Final) Design (~30% - 100%)	Ready to Advertise	Design progresses through stages to 100% where bid documents are ready to advertise.
				Bid/Award	Bids Accepted	The Bid period is from ad date to bid acceptance.
					Awarded	The Award period from bid acceptance to award by Council or Mayor.
		Construction	Period from award through acceptance	Construction	Construction Start	The pre-construction period includes activities such as contract signing, submittals, and the pre-construction meeting.
					Substantial Completion	The main construction period is between active construction start and substantial completion when the City has use and possession.
					Physical Completion	The punchlist period is the time between substantial completion and physical completion where work on punchlist items occurs.
				Acceptance	Acceptance	The acceptance period is between physical completion and Council/Mayor acceptance where contractor project paperwork is finalized.
	Warranty/ Closeout	Warranty/ Closeout	Period from acceptance through final closure	Warranty/Closeout	Closed	The Warranty period is typically one year from acceptance. Once any Warranty work is completed and all City paperwork finalized, the project is closed in accounting system.
	Inactive	Preliminary or Final Design	Project put on hold once started	On Hold		Can happen at any point in Preliminary Design or Design.
Closed	Closed	Closed		Closed	Closed	A completed (or cancelled) project as opposed to one that has not started.

DEFINITIONS

Acceptance	The construction contract is accepted by City (Council or Mayor) after all required closing paperwork received from contractor. Staff and consultants will still have closeout work (e.g., paperwork, record drawings, warranty work) before the project is closed.
Active Project	A project that has been initiated and has not yet been accepted and/or is not on hold.
Baseline	The project baseline is set at the point in time when preliminary design is completed (~30%), the preferred alternative is selected, scope is defined, schedule defined based on scope, detailed cost estimate developed based on scope and schedule and authorized funding is in place. Project management performance is evaluated relative to the baseline.
Closed	A project is closed when all work is completed, the warranty period and associated work are done, all paperwork is finalized and the project number is closed in accounting system. A project that has been cancelled is also considered closed.
Inactive Project	A project is considered inactive if it is in the biennial CIP but has not been started, or it has started but is currently on hold.
Initiation	Initiation begins when a budget account number is established and the Project Manager begins the project charter process.
Open Project	An open project is a project in any "stage" from Initiation through Warranty/Closeout. A project on hold is considered an Open Project even though it is Inactive.
Physical Completion	Physical completion occurs when the contractor has completed all project work, including all punch list items.
Substantial Completion	The point near the end of construction where the City has possession and use of the infrastructure; project looks done to the public. This milestone is used for performance reporting.
Warranty	The warranty period starts on the acceptance date and is typically one year. A warranty inspection is performed shortly before warranty expiration and the contractor is notified of any items requiring replacement/fixing under the warranty.

Sample Bar Chart

Note: this is only a portion of the full chart
Red text represents updated information

Updated
03/02/21

Substantial Completion	Contract Award	Detailed Cost Estimate	CIS Estimate	Mar-21	This month
Scope to Budget	Placeholder	No Estimate		Apr-21	
				May-21	

[illegible]

Risk Management Plan Process



Risk Management Plan Process

Complete brainstorming exercise with the project team to identify all elements on the Risk Management Matrix. Ensure the team assesses the needs specific to the current phase of the project. This document provides direction on how to develop the Risk Management Matrix.

I. Risk Identification

Risk Identification is the act of defining all possible risks that may significantly impact the success of the project. Risk identification is a continuous process because new risks and opportunities emerge as the project progresses through its life cycle.

Sources to Use While Identifying Risks:

- Team brainstorming / Team Expertise
- Team Meetings
- Emergency Issues
- Project Reports
- Lessons Learned
- Similar Project Risk Management Matrixes

1. Date Identified (A)

Identify date the risk or opportunity was added.

2. Specific Risk or Opportunity (B)

Define the risk or opportunity specific to the project for the current project phase. The level of detail will vary per project, the team should focus on high level issues. These are specific issues that may affect the successful completion of deliverables.

Samples Risk Areas to Consider:

- Technical: Design incomplete, deviations required, unexpected geotechnical issues, etc.
- External: Funding changes, stakeholders request late changes, new stakeholders emerge and add work, conflicting projects, land owner issues, etc.
- Competing Priorities: Other projects having higher priority deadlines.
- Lack of Resources: Not enough staff to complete tasks within identified schedule.
- Environmental: Permit timelines, regulation changes, possible contaminated soils, etc.
- Organizational: Inexperienced staff, changes in staff, etc.
- Project Management: Insufficient time to plan, poor WBS, unplanned work, lack of coordination, etc.
- Right-of-Way: Permit windows, railroad agreements, property owner issues, etc.
- Construction: Unexpected buried objects, utility issues, weather, etc.
- Regulatory: New permits required, new land use regulations, etc.
- Public/Political: Community opposition, political leader interest, etc.
- Scope: Risks associated with changes of scope, need for 'fixes' to achieve the required technical design.
- Quality: Failure to complete tasks to the required level of technical or quality performance.



- Schedule: Failure to complete tasks within the estimated time limits.
- Economic Conditions: A good/rising economy can drive up costs.
- Cost: Failure to complete tasks within the estimated budget allowances.
- Lack of Funding: Funding priorities change such that project priorities change.
- Timing: Identify other projects or special events which will require accommodations.
- Special Features: Items which may drive up costs – Art work, Slip Lining.
- Bid Risk: Poor bids and the need to re-bid.

II. Qualitative Analysis

Qualitative risk analysis is a method that identifies the probability that each risk will occur and the effect of each individual risk on the project objectives. The probability, impact and overall severity rating of the risk is identified and agreed upon by the team.

3. Probability (C)

Define "What is the likelihood of the identified risk occurring?"

VH	Very High	80 - 99%
V	High	60 - 79%
M	Medium	40 - 59%
L	Low	20 - 39%
VL	Very Low	1 - 19%

4. Impact (D)

Define if the risk were to occur, "What is the level of influence it will have on the project outcome?"

VH	Very High	80 - 99%
V	High	60 - 79%
M	Medium	40 - 59%
L	Low	20 - 39%
VL	Very Low	1 - 19%

5. Overall Rating (E)

Based on the individual risks probability and impact, identify the overall risk rating.

OVERALL RISK RATING						
PROBABILITY	VH					
	H					
	M					
	L					
	VL					
		VL	L	M	H	VH
		IMPACT				

III. Risk Response

Risk response is identification of specific strategy or mix of strategies to deal with each risk. Items could involve primary and secondary plans, dependent upon level of severity. The strategy is identified and agreed upon by the team.

6. Strategy (F)

Identify person or group responsible for the delivery of the items defined. It is important to include who will communicate with whom.

Definitions:

- Avoid: Change the project plan to eliminate the risk. This is done by adjusting the scope, schedule, and/or the budget.
 - Example: A lower priority project was scheduled to complete the PE phase by year end. Four other high priority projects acquired additional funding, which required the project to go to ad six month earlier than scheduled.
 - Risk: Not meeting project advertisement date.
 - Strategy: Avoid potential for not meeting project advertisement date by expediting project tasks with use of additional staff.
- Transfer: Shift the risk and responsibility to a third party through use of a more capable contractor or consultant. Insurance or financial protection may be an option. Risk is not eliminated by this strategy.
 - Example: Use of geotechnical consultants that have the expertise.
 - Risk: Not able to complete necessary soils testing due to in-experience.
 - Strategy: Transfer the risk of not being able to complete soil testing tasks to Consultant.
- Mitigate: Reduce the probability and/or effect of the risk to an acceptable level.
 - Example: The project team has seen an increase in manufacturing days for signal poles, which has caused a delay in past project delivery times.
 - Risk: Not receiving the signal poles within the allotted working days.
 - Strategy: To mitigate the risk to completion of the project, the team chooses to have a separate contract, in advance of the project, to ensure materials are available once notice to proceed is given to the Contractor.
- Accept: “Do Nothing Strategy” until the risk actually occurs and is dealt with at a future time. Contingency reserve may be considered to cover this strategy.
 - Example: A new finance strategy is being proposed to Council. Acceptance of the program will provide additional funds for three intersection projects. Approval of the new finance program will require all three projects to go to advertisement within six months of approval. If the finance program is not approved project advertisement will be established at a later date.



- Risk: Not having the projects ready for project advertisement if new funding program approved.
- Strategy: Accept the fact the project needs to be at a certain state now and ready for project advertisement in six month. Continue working on project deliverables to ensure project advertisement date can be met.

7. Planned Response (G)

A planned response or action, aligned with the strategy, is identified to deal with each risk. Planned responses may change throughout the project, as more details are available and the design progresses.

IV. Monitoring and Controlling

Monitoring and Controlling continues through the life of the project. As the team progresses through the design phases, details will become prevalent. This provides the team opportunities to re-assess and monitor the planned responses, add/re-analyze/change the identified risks. All team members will identify risks throughout the preliminary engineering phase and utilize the risk management plan to assess, monitor, and manage them.

8. Assigned Responsible Person (H)

Identify person or group responsible to manage the individual risk. It is the responsibility of the assigned individual to provide status on the issue and escalate concerns to the appropriate team member and/or Supervisor.

9. Current Status, Date (I)

The Project Lead will identify timing of status updates to the team. As project phases shift and are completed timing will also change. It is the responsibility of each team member to provide timely updates to the Project Lead.

Project No.: _____

Project Name

Risk Matrix Created: mm/dd/yyyy
Last Revised: mm/dd/yyyy

[illegible]

Table IV
Risk/Opportunity Probability Ranking

Ranking	Probability of Risk Materializing
<i>VH</i>	80 – 99%
<i>H</i>	60 – 79%
<i>M</i>	40 – 59%
<i>L</i>	20 – 39%
<i>VL</i>	1 – 19%

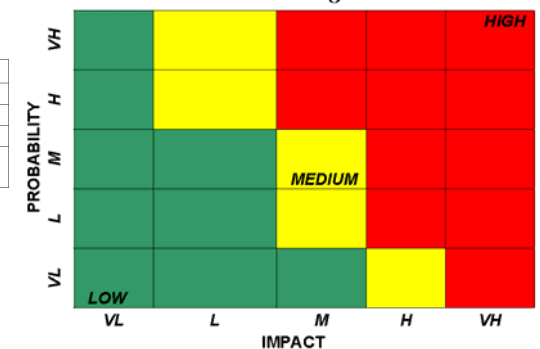
TABLE V(a)
Evaluating Impact of a Risk on Major Project Objectives

	IMPACT	VL	L	M	H	VH
Objective	Scope	Scope change Barely noticeable	Changes in project features with small effect on schedule, budget or customer satisfaction	Changes in project features with moderate effect on schedule, budget or customer satisfaction	Scope does not meet stakeholders needs	Scope does not meet project purpose and need
	Schedule	Insignificant schedule slippage	Low Schedule slippage	Delay of deliverable or milestone	Delay of critical path deliverable or milestone	project delivery outside fiscal year, funding cycle or construction season or does not meet political commitments
	Budget	Insignificant cost increase	<10% cost increase	10 – 20% cost increase	20 – 40% cost increase	>40% cost increase
	Customer Satisfaction	Minor customer dissatisfaction				Project does not meet customer's needs

TABLE V(b)
Evaluating Impact of an Opportunity on Major Project Objectives

Objective	IMPACT	VL	L	M	H	VH
	Scope					
	Schedule					
	Budget					
	Customer Satisfaction					

TABLE VI
Overall Rating Matrix



Overview of Capital Investment Strategy (CIS) Methodology

Overview of Capital Investment Strategy (CIS) Methodology

History: The first Capital Investment Strategy (CIS) was completed in 2011 and spanned 18 years of capital investments. CIP Portfolio Mgt. Team includes staff from 11 functional areas (see list below). Every 15 months or so the CIS Team reconvenes to develop a recommended 6-year CIP. During the early development of the CIS, the team has regular check-ins with the CIP Governance Committee for their feedback and guidance. Typically, during 1Q of a budget adoption year, the CIP Portfolio Mgt Team delivers to the CIP Governance Committee a recommendation for capital investments for the 6-year CIP and outer years (together, the CIS).

CIP Portfolio Management Team's 11 Functional Area Staff Representatives:

- Transportation Planning & Engr.
- Traffic Operations
- Environmental Sustainability
- Parks
- Facilities
- Planning
- Water
- Wastewater
- Stormwater
- Police
- Fire

Methodology used to develop the current 2021-2030 CIS including the proposed 6-year 2021 –'26 CIP

Step 1: Reflect new processes and tools from lessons learned from prior CIS development.

Step 2: Evaluate and confirm the Thematic Strategies used to elicit key capital investments and are aligned with Redmond's Comprehensive Plan vision for how the City should develop, Budget by Priorities dashboard measures, and the *2019 Community Strategic Plan*. Evaluate and confirm Guiding Principles used to guide how the City will accomplish Thematic Strategies' outcomes.

Step 3: Through business case submissions, candidate projects and investments are identified from approved functional plans, and strategic plans.

Step 4: Candidate projects and investments are scored and ranked based on two sets of criteria:

Urgency criteria evaluate each proposed capital project on a continuum of 0 – 30 points to determine the degree of urgency to list a project in the upcoming CIS. The 7 criteria consider:

1. The status of the project if it is already reflected in the current 2017- 22 CIP,
2. The Impact to grant funding if the investment is not included in 2019- 24 CIP, and whether the investment:
3. Supports an initiative by an elected official,
4. Has a federal or state mandate with a hard deadline,
5. Eliminates or significantly reduces risk or addresses health, life-safety conditions,
6. Is responsive to a substandard physical condition,

7. The infrastructure project's schedule aligns with time-sensitive schedules of private and public partnerships.

Importance criteria evaluate three levels of a project's importance. A 40/40/20 rule requires each functional area to distribute their projects across a High/Med/Low continuum – 40% high importance; 40% medium importance; 20% at the low end of the importance continuum – relative to how each project ranked in its own respective functional plan.

Step 5: Outreach. Staff provides presentations to update the following groups about the CIS process: Planning Commission, Parks and Arts Commission, Ped-Bike Advisory Commission, Budget Finance and Tax Advisory Commission and OneRedmond.

Step 6: Recommendation: After the CIS Team delivers its preliminary ranked CIP list to the CIP Governance Committee, the Construction Operations staff sequence projects, confirm staff capacity and assign construction project managers. The Finance staff develop recommended cash flows to fund the projects. The Governance Committee is presented the recommendation which is reflected as the CIP recommendation in the preliminary budget for Council consideration, as well as for citizen review during public hearings held prior to Council approval of the biennium budget.

Step 7: The Covid-19 pandemic required a re-prioritization of the recommendation due to the changing economy and grim revenue forecasts.

2021-2030 CIS (2021-2026 CIP) Evaluation Criteria

7 Urgency Evaluation Criteria	Points
<p>1. Status of Project in Current 2017-22 CIP.</p> <p><i>Purpose is to focus on proposed CIS projects with grants that have either been applied for or have been awarded and recognize that grant funds free up City funds which can be redirected to other City investments.</i></p>	<p>5 = Contract awarded and project under construction 3 = Project in 30-100% design, approved business case 1 = Project is in 2017-22 CIP and/or has completed Phase Gate 1 - been initiated, 0-30% design, alternatives analysis/business case completed 0 = Project is not included in current 2017-22 CIP</p>
<p>2. Impact to grant funding if investment is not included in 2019-24 CIP.</p> <p><i>Purpose is to focus on proposed CIS projects with grants that have either been applied for or awarded and recognize that grant funds free up City funds which can be redirected to other City investments.</i></p>	<p>5 = Project already has some construction funding, and if not funded in the 2019-24 CIP, project would lose greater than 50% of its total project costs from outside funding sources. 3 = If not funded, project would lose less than 50% of its total project cost from outside funding sources. 1 = Grants applied for. 0 = No grants have been applied for.</p>
<p>3. Investment supports an initiative by an elected official.</p> <p><i>Purpose is to acknowledge priority projects of the Mayor and Council.</i></p>	<p>5 = The requested project is reflected in the 2017-18 Executive Summary Strategic Plan. 3 = Project is not in the Executive Summary Strategic Plan but has been singled out as a priority by Mayor or Council. E.g. TSIP projects 0 = Project is not listed in 2017-18 Executive Summary Strategic Plan nor singled out as a priority by Mayor or Council.</p>
<p>4. Investment has federal or state mandate with hard deadlines.</p> <p><i>Purpose is to acknowledge that even though some projects have hard deadlines, some deadlines can be renegotiated without the City becoming noncompliant.</i></p>	<p>5 = Consequences of noncompliance are punitive e.g. 95th Bridge may result in denial of future permits by WA Dept. of Fish and Wildlife 1 = Deadline can be deferred by negotiation or another method and progress by City can be demonstrated. e.g. ADA Compliance (City can show a defensible record of progress) 0 = Project is not impacted by a federal or state mandate.</p>
<p>5. Investment eliminates or significantly reduces risk or addresses health, life-safety conditions.</p> <p><i>Purpose is to identify projects that eliminate or significantly reduce the City's exposure to risk of health, life-safety conditions related to systems, facilities, and live and work environments.</i></p>	<p>5 = Project substantially prevents or remedies a significant health, safety, security condition, or addresses customer problems and issues involving unsafe conditions or has clear safety compliance ramifications. Problems and issues must be well documented. 3 = Project mitigates a deficient health, safety, security condition, or addresses customer problems and issues involving unsafe conditions or has clear safety compliance ramifications. Problems and issues must be well documented. 1 = Project will have a slight positive improvement on remedying a deficient health, safety, security condition, or in addressing customer problems and issues involving unsafe conditions. 0 = No unsafe health, life-safety issues are associated with project.</p>

<p>6. Investment is responsive to a substandard physical condition.</p> <p><i>Purpose is to distinguish among projects that address substandard physical conditions by awarding higher points to those projects that can significantly improve the effectiveness, efficiency, or reliability of system operations and service delivery.</i></p>	<p>5 = Project will have a slight positive improvement on remedying a deficient health, safety, security condition, or in addressing customer problems and issues involving unsafe conditions.</p> <p>3 = Asset is in poor condition. Significant maintenance or partial rehabilitation is required, and consequences are moderate if the asset fails.</p> <p>1 = Asset is in fair condition. Some corrective maintenance is necessary to increase performance or extend useful life, and consequences are low if the asset fails.</p> <p>0 = Project has no substandard physical condition to remedy, no negative consequences.</p>
<p>7. The infrastructure project's schedule aligns with time-sensitive schedules of private and public partnerships.</p> <p><i>Purpose is to acknowledge that the City has entered into agreements or is negotiating with partners to deliver a capital investment by a certain time.</i></p>	<p>5 = Project's time-sensitive schedule is acknowledged by an actual or imminent funding agreement between the City and public or private parties.</p> <p>3 = Project's time-sensitive schedule is acknowledged by an actual or imminent funding agreement between the City and public or private parties.</p> <p>0 = Project schedule is not driven by an agreement between City and external parties.</p>

Sample Business Case



CIP Business Case Standard Form

Project Name W Lake Sammamish Pkwy Improvements (51st Street to Bel-Red Road) - Prelim Design

Functional Manager Don Cairns Title Trans Planning Mgr Ext. 2834

Functional Lead Peter Dane Title Senior Planner Ext. 2816

Department Planning

Functional Area(s) Transportation

Location (enter address or coordinates, if multiple locations, attach list)

West Lake Sammamish Parkway between, 51st to Bel-Red Road

Geographic Area Overlake

CIP Status ☒ Exists on 2019-2024 CIP ☐ Proposed in Last CIS (not funded) ☐ New

Project Type New infrastructure

Description (1 or 2 sentences)

Design only. Widen WLSP to one add GP lane both directions (3 to 5 lanes), sidewalk on west side, bike lanes, and extend Sammamish River Trail south from 51st to Bel-Red Road

Project Scope (list of what's included)

some of the units and quantities exclusively for the roundabout portion of work include:
2,400 TON HMA CL A
125 LF roundabout truck apron
5,160 SF soil nail wall
1,100 curb and gutter

Project Management ☒ Construction Division ☐ Functional Area ☐ Other

Is Real Property support needed? ☒ Yes ☐ No

IS TIS support needed? ☐ Yes ☒ No

What other Functional Areas could be impacted by this project? (check all that apply) ☐ None

☐ Facilities ☐ Fire ☒ Parks ☒ Planning ☐ Police

☒ Stormwater ☐ Transportation ☒ Wastewater ☒ Water

Project Ref # _____

(to be filled in by Construction)

CIP Business Case – Standard Form

Project Objectives *(describe qualitative objectives of the project)*

Improve mobility for vehicles to reduce congestion on West Lake Sammamish Parkway. This reduction in congestion would improve quality of life.

Increase safety by:

- providing a space for pedestrians to walk outside of the roadway, and
- extending the Sammamish River Trail from 51st Street to Bel-Red Road so southbound bicyclists travel on the new Trail instead of southbound in the northbound shoulder like some bicyclists do today

Justification

Why are you proposing this project now?

This project is on the Transportation Facilities Plan (contains the top priority projects in the Transportation Master Plan) to be completed by 2030.

Why is this project a high priority?

To improve neighborhood connections by adding vehicle capacity, providing a pedestrian facility for access and safety, extending the Sammamish River Trail from 51st Street to Bel-Red Road

When would you like this project delivered? 2026

How are you expecting this project to be funded? *(check all that apply, describe other)*

☒ CIP Fund ☐ Grants ☐ Partnership ☐ Other: _____

How will you measure the quantitative success of the project?

Reduction in vehicle volume to capacity ratio, increases in bicycle and pedestrian volumes

Was this project previously approved in the 2021-2024 CIP? ☒ Yes ☐ No

If Yes, has it changed? ☐ Yes ☒ No

Project Readiness

☒ Yes ☐ No Do you have staff capacity to support this project?

☒ Yes ☐ No Are scope and objectives set?

☒ Yes ☐ No Are all external feasibility issues resolved?

☒ Yes ☐ No Are other impacted functional areas committed to supporting this project?

If No on any explain.

Only projects with all Yes answers will be considered for the CIP.

CIP Business Case – Standard Form

Are there any other issues, conditions or requirements that could impact the ability of this project to proceed efficiently through design and construction?



Yes



No. If Yes, explain.

Extensive property acquisition needed along corridor
King County jurisdiction, wetland impacts

I have reviewed and am approving this project for schedule and cost estimate development.

Donald Cairns

Functional Area Manager

12/27/2019

Date

Project Name	West Lake Sammamish Parkway Improvements (51st Street to Bel-Red Road) - Prelim Design		
Functional Area	Transportation		
Manager	Don Cairns		
Department	Public Works		
Director	Carol Helland		
Lead	Peter Dane		
Construction PM (if assigned)	N/A		
Project Schedule			
Proposed Delivery Date (Substantial Completion)	2026		
Project Budget			
Budget 2021-2026	\$3,500,000		
Project Budget is based on	<0	% Design*	
Total Project Budget	\$3,500,000		
Projected Spent through 2020	\$0		
*<0% indicates conceptual level estimate prior to full project scope completion; 0% indicates scope is complete but design not started yet			

City of Redmond

Planning Level Opinion of Probable Costs

Roadway Cost Estimate



Project Cost Summary

Project Name: West Lake Sammamish Parkway Improvements (51st Street to Bel-R

Project ID: 0

Created By: ECD

Concept No.: 0

Date: 1/20/2020

	Cost	Risk Assessment	Contingency		Total
			%	Amount	
Preliminary Design	\$2,500,000	High	40%	\$1,000,000	\$3,500,000
Final Design	\$0	High	40%	\$0	\$0
Construction	\$0	Medium	30%	\$0	\$0
Right of Way	\$0	Medium	30%	\$0	\$0
Estimate of Probable Cost (2017)			Subtotal		\$3,500,000
Project Escalation \$0					
Year of cost index:		2026			
Midpoint of Construction:		2026			
Escalation Rate:		5.00%			
TOTAL ESTIMATE OF PROBABLE COST					\$3,500,000
Annual Maintenance and Operations Cost \$0					
See Detail Sheets for Assumptions					
The above cost opinion is in 2017 dollars for Comparative Level Evaluation of concepts, Class 4 or Class 5 (0% to 10% design) estimate of the AACE Cost Estimate Classification System. The cost does not include financial costs or operations and maintenance costs. In addition, there are no costs for the mitigation or remediation associated with the potential discovery of hazardous materials. The order of magnitude cost opinion shown has been prepared for guidance in project evaluation at the time of the estimate. The final costs of the project will depend on actual labor and material costs, actual site conditions, productivity, competitive market conditions, final project scope, final project schedule, and other variable factors. As a result, the final project costs will vary from the estimate presented above. Because of these factors, funding needs must be carefully reviewed prior to making specific financial decisions or establishing final budgets.					

Project Schedule

WLSP Improvements (51st Street to Bel-Red Road) - Prelim Design Schedule

ID	Task Name	Duration	Start	Finish	
1	Project Initiation	20 days	Mon 6/2/25	Fri 6/27/25	
2	Project Charter	50 days	Mon 6/30/25	Fri 9/5/25	
3	Preliminary Design	250 days	Mon 9/8/25	Fri 8/21/26	

Boilerplate CIP Schedule Date: Fri 1/31/20	Task		External Tasks		Inactive Milestone		Start-only	
	Milestone		Project Summary		Inactive Summary		Finish-only	
	Summary		Split		Manual Task		Progress	
	Rolled Up Task		Rolled Up Split		Duration-only		Deadline	
	Rolled Up Milestone		External Milestone		Manual Summary Rollup			
	Rolled Up Progress		Inactive Task		Manual Summary			



CIP Business Case Rating Form

Project Name W Lake Sammamish Pkwy Improvements (51st Street to Bel-Red Road) - Prelim Design

Functional Manager Don Cairns Title Trans Planning Mgr Ext. 2834

Functional Lead Peter Dane Title Senior Planner Ext. 2816

Department Planning

Functional Area(s) Transportation

Enter your project's score for each criteria noted below. For more information see [Citywide Rating Criteria](#).

Score	Category	Rating Guidance
0	I. Status of Project in Current 2017-22 CIP	5 Contract awarded & project under construction
		3 Project in 30-100% design, approved business case
		1 Project is in 2019-20 CIP and/or has been initiated, 0-30% design, alternatives analysis/business case completed
		0 Project is not included in current 2019-20 CIP
0	II. Impact to grant funding if investment is not included in 2019-24 CIP	5 Project already has some construction funding, and if not funded in the 2021-26 CIP, project would lose greater than 50% of its total project costs from outside funding sources.
		3 If not funded, project would lose less than 50% of its total project cost from outside funding sources.
		1 Grants applied for.
		0 No grants have been applied for.
5	III. Investment supports an initiative by an elected official	5 The requested project is reflected in the Oct 2019 <i>Community Strategic Plan</i> .
		3 Project is not in the <i>Community Strategic Plan</i> but has been singled out as a priority by Mayor or Council
		1 n/a
		0 Project is not listed in <i>Community Strategic Plan</i> nor singled out as a priority by Mayor or Council.
0	IV. Investment has federal or state mandate with hard deadlines	5 Consequences of noncompliance are punitive
		3 n/a
		1 Deadline can be deferred by negotiation or another method and progress by City can be demonstrated.
		0 Project is not impacted by a federal or state mandate.
5	V. Investment eliminates or significantly reduces risk or addresses health, life-safety conditions	5 Project substantially prevents or remedies a significant health, safety, security condition, or addresses customer problems and issues involving unsafe conditions or has clear safety compliance ramifications.
		3 Project mitigates a deficient health, safety, security condition, or addresses customer problems and issues involving unsafe conditions or has clear safety compliance ramifications.
		1 Project will have a slight positive improvement on remedying a deficient health, safety, security condition, or in addressing customer problems and issues involving unsafe conditions.
		0 No unsafe health, life-safety issues are associated with project.

CIP Business Case – Rating Form

Score	Category	Rating Guidance
0	VI. Investment is responsive to a substandard physical condition	5 Asset is in very poor condition. Requires <i>complete</i> rehabilitation or replacement. There is a high cost for on-going maintenance and/or the consequences are high if the asset fails.
		3 Asset is in poor condition. <i>Significant</i> maintenance or <i>partial</i> rehabilitation is required, and consequences are moderate if the asset fails.
		1 Asset is in fair condition. Some <i>corrective</i> maintenance is necessary to increase performance or extend useful life, and consequences are low if the asset fails.
		0 Project has <i>no substandard</i> physical condition to remedy, no negative consequences.
0	VII. The infrastructure project's schedule aligns with time-sensitive schedules of private and public partnerships	5 Project's time-sensitive schedule is acknowledged by an actual or imminent funding agreement between the City and public or private parties.
		3 Contract is "in play" – preliminary stages of negotiation
		1 n/a
		0 Project schedule is not driven by an agreement between City and external parties.

10 Total Score

I have reviewed the scope, schedule, cost estimate, and this rating and am approving this project for consideration for inclusion on the CIP.

Director

12/27/2019
Date



The City of Redmond assures that no person shall, on the grounds of race, color, national origin, or gender, as provided by Title VI of the Civil Rights Act of 1964 and the Civil Rights Restoration Act of 1987, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity. For more information about Title VI, please visit redmond.gov/TitleVI.

无歧视声明可在本市的网址 redmond.gov/TitleVI 上查阅 | El aviso contra la discriminación está disponible en redmond.gov/TitleVI.