

CIP Proviso

Final Report – June 8, 2021



Redmond
WASHINGTON

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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. The Initial Report (Appendix B) was presented to City Council on March 23, 2021 and accepted by Council on April 6, 2021. Items presented in the initial report are not duplicated in the final report.

This is the Final Report which was to include the following:

Final Report to be provided to Council on or before July 1, 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 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.

I. Final Report Structure

This Final Report addresses each element as outlined in the Proviso. Description/background information, status, recommended changes, and an implementation plan are provided, as appropriate. Additional information for most items is included in the Appendices.

II. Status, Evaluation and Recommendations

Progress on Elements of Proviso Part 1, Section B

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

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.

Definitions were provided in the initial report (see Appendix B). The Budget Glossary was refined, and additional definitions are included in Appendix C. The following policies will be recommended for inclusion in the fiscal policies as described later in the report.

- Continuing appropriations for capital investments
 - Appropriating budget and approval at a project level
 - Budgeting at a project phase level
 - Establishing baseline project budgets
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.

Description/Background: CIP project planning is done using a CIP Project Planning spreadsheet that identifies projects managed by the Construction Division. The spreadsheet contains the budget and schedule for all projects as well as preliminary design, design, construction, close out sections with accompanying milestone dates and costs estimates (see Appendix D for an example). The CIP Project Planning spreadsheet is updated and 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.

Recommendation: Expand use of the CIP Project Planning spreadsheet to include all the projects in the CIP, not just the projects managed by the Construction Division. These projects follow a different process and will need a structured plan that works for that process.

Implementation Plan:

1. Expand spreadsheet to include all CIP projects.
2. Develop structure to align with process for Non-Construction Division projects.
3. Expand monthly updating process to cover the additional projects.
4. Review with Program Managers and confirm reporting expectations.

Complete by December 31, 2021.

3. Improved standardization of risk management planning and oversight communication.

Description/Background: Planning and managing for project 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

The current risk management approach lacks a standard review process and is not managed consistently.

Recommendation: Formalize approach and require consistent process for management and reporting.

Implementation Plan:

1. Refine and document process to formalize risk management levels, and expectations.
2. Review requirements with Project Managers – further refine documentation as needed.
3. Require updated risk management plans on existing projects.
4. Establish formal check in on project status relative to identified risks – (at key milestones but at least every 6 months).
5. Work with Finance on process to reevaluate contingency amounts based on risk changes.
6. Develop and implement risk management reporting requirements.

Complete by December 31, 2021.

Please see Appendix E for information not included in the Initial Report.

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.

Provided in the Initial Report. Appendix F provides prior biennium budget evaluation criteria not included in the Initial Report.

5. Understandable descriptions of major changes to CIP proposed budget that explain change drivers, funding limitations, or other constraints.

Description/Background: The current process includes requesting individual project changes from the City's Portfolio Management Committee and Governance Committee. If changes are authorized the project can continue and changes are brought to Council for approval with next project action (e.g., Consultant agreement, supplemental agreement, award, budget approval). Changes authorized by the Governance process are not currently reported to Council as they happen.

Recommendation: Potential changes that occur outside of the biennium budget process will be placed on the monthly Construction Project Updates report and reported with the quarterly CIP updates to Council. Project changes that occur during the budget process will be highlighted in the proposed project one-pager. Additionally, a Project Modification and Deletion Schedule will be provided with the biennial budget to highlight changes to projects that were previously approved by Council.

Implementation Plan:

1. Governance authorized changes will be reported beginning with the 2021 second quarter update. Refer to Appendix G, Governance Committee Charter.
 2. Monthly Construction Projects Update report will include Governance Committee authorized changes beginning with the July report.
 3. Project Modification and Deletion Schedule will be implemented with the 2023-2024 budget process (fall 2022).
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.

Description/Background: The information presented to Council regarding the CIP during the budget process prepares Council for budget adoption. The goal is for Council to have the information needed to understand the value of the investment to the community and how City resources will be utilized to implement each investment, project, and the overall portfolio.

The following Study Session presentations are currently provided to Council during a budget year:

1. Capital Investment Strategy (CIS)/Capital Investment Program (CIP) Update
 - Criteria, process, and results of prioritizing projects for the future 6-year CIP
 - Community outreach and engagement
 - Financial results of current 6-year CIP
 - Preliminary CIP revenue forecast
2. General Fund, CIP and Utility Revenue Forecast
 - Final CIP revenue forecast

Recommendation:

1. When appropriate, the quarterly CIP project update Study Session presentation will provide a CIP portfolio overview, including:
 - Overview of each functional area: Transportation, Parks, Facilities and General Government, Water, Wastewater, and Stormwater

- Overviews of each project/program including revenue sources, budget, funding sources, metrics, risks, maintenance impacts, and changes from the last budget cycle
2. Create an annual report on the CIP portfolio.

Implementation Plan:

1. The current quarterly CIP project update format will be refined to provide the portfolio overview.
2. Develop an annual report on the CIP portfolio.

Complete by December 31, 2021.

b. Crosswalks that clearly define changes in priorities of CIP budget requests from prior budget period

Description/Background: Information communicated in the Capital Investment Program section of the budget document is intended to support the level of detail needed by Council to make informed decisions regarding the adoption of the City's budget. The other purpose of the information provided in this section is to inform community members and other readers about the CIP. The Capital Investment Program section is currently structured to align with the City's Comprehensive Plan and the vision of two urban centers and connected neighborhoods. Included in this section is an overview of the financial condition of the CIP, followed by a section for each investment area (Downtown, Overlake, Neighborhoods, Citywide) that provides a narrative of the 2030 vision, the strategic approach to achieving the vision, planned project outcomes, a project addendum and a project location map. The project addendum includes a project description, timeframe, cost, and functional area for each project.

Recommendation: The recommendation presented to Council at the March 23, 2021 Study Session outlined a change in the structure of the CIP section of the budget to align with the CIP's functional area. Projects will still be graphically presented on maps to demonstrate the geographic location of each project. The budget document would communicate information by Transportation, Parks, Facilities and General Government, Water, Wastewater and Stormwater.

An additional recommendation is to consolidate all facility projects into one portfolio instead of having projects represented across the whole CIP. Going forward all facility projects would be programmed in the General Government CIP and the program would be referred to as the Facilities and General Government CIP. Facility projects for the utilities will remain in those respective programs due to funding and reporting restrictions.

It is also recommended, for the next budget cycle, that the project or program addendums described above be replaced with project-specific one-pagers that would provide information in addition to that already provided. This would include:

- A project overview section including but not limited to project name, location, functional area(s), relationship to functional plan or Strategic plan(s), budget priority, description, and justification
- A financial summary section including but not limited to original budget and changes, project phases, schedule, funding sources, and maintenance and operation costs once completed
- A photo/map of the project
- Key elements from the business case
- Risk evaluation

The one-pagers are living documents subject to change over the course of project development. It is anticipated that the one-pagers will be reviewed quarterly, and changes will be posted on the City website.

The final recommendation is the inclusion of a Project Modification and Deletion Schedule to highlight changes to projects that have occurred since the prior budget process. The addition of this schedule would provide a summary of the new and updated allocations included in the budget. The summary would also be useful in communicating program changes to the community and partners.

Implementation Plan: Draft layouts of the one-pager and budget documents will be provided to Council for feedback as they are developed. The one-pager will be developed first and will be used to support the budget process. The budget document materials will be developed as part of the budget process and brought to Council for feedback early in the process.

Development of one-pagers will begin third quarter of 2021 and will be fully implemented with the 2023-2024 budget process (fall 2022).

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.

Description/Background: The intention of the information shared with Council regarding the CIP revenues during the budget process is to prepare Council for budget adoption. Council should be supplied information that provides an understanding of the financial resources used to fund capital investments including any restrictions to their use, forecast results, assumptions and risks, and how specific resources will be utilized by the program.

Status: Currently the most detailed narrative regarding CIP revenue sources resides in the Budget Overview provided in the Budget at a Glance section of the budget document. The overview covers both the general government and utility CIP revenue sources and provides details on the forecast including the assumptions and risks associated with each revenue source. Additional information regarding revenue sources is provided in the

budget's Capital Investment Program section. This section highlights additional information about the revenues and how they are utilized in the CIP recommendation to Council.

Recommendation: As described in the response to 6b above, it is recommended that the Capital Investment Program section of the budget document be structured by functional area going forward. This change will provide an opportunity to improve alignment between revenue sources and their programmed use in the budget document. The change will permit funding sources such as grants, partnerships and contributions to be highlighted and more broadly understood.

Implementation Plan: Changes will be implemented in the next budget process.

Considering changes to the budget document materials to be more understandable including, one-page outlines for each project and categorization of presentation. *Please see section 6b for recommendations.*

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.**

Description/Background: Continuing appropriation authorizes expenditures for a fiscal period that differs from the budget period and are common for capital projects, debt issues, grant awards and other service projects. These expenditures require an ordinance or resolution to authorize the expenditure and set a maximum on the expenditure, but the time for incurring expenditures does not coincide with the budget period. The primary difference between biennial appropriated budgets and continuing appropriations is that no legislative action is required to amend the biennial portion of a continuing appropriation unless the total authorized expenditures would exceed the entire appropriation.

Status: Currently all budget appropriations approved by Council expire at the end of the biennium or budget period. It is assumed that funding for capital investments will remain available through the completion of a funded project and be reappropriated in the next biennium unless the update to the CIS suggests a change. Changes in recommendation for appropriation are typically made if there is a change in the priority ranking of the project or available staff and financial resources to complete the project. The CIS is updated each non-budget year and helps to prepare the recommended 6-year CIP for the budget process.

Recommendation: Staff recommends the implementation of continuing appropriations for all Capital Investment Funds. The change in policy aligns with how the program is managed and will provide clarity in the intent to complete projects committed to the community and to offer a stronger foundation for strategic planning for the functional

areas and the overall capital program. This would include all funds for capital and major improvements for facilities, general government, parks, transportation, stormwater, water and wastewater.

Implementation Plan: The recommendation for continuing appropriations can be implemented in 2022 and continued in the next budget process.

- b. **Evaluate advantages and disadvantages of expenditure at the project or program level as compared to expenditure authority at fund level.**

Description/Background: Capital project funds may be budgeted as part of the biennial operating budget or through a separate capital budget, and the budget authority level can be at the fund or the project level.

Status: Capital investment budgets are currently approved by Council at the fund level as part of the operating budget and there is no automatic carry over from one biennium to the next. This can lead to a lack of transparency and accountability for project planning and delivery and cause uncertainty about project financing in future years.

Recommendation: It is recommended that budgets for capital investments be approved by Council at the project level to provide transparency and increase accountability in the development and delivery of the capital program. Staff further recommends the use of programmatic projects and sub-projects to manage projects that contribute to the same outcome for a specific improvement. In addition, projects will be budgeted by the phases used to implement them; acquisition, preliminary design, design, construction, and close-out to also improve transparency and accountability in addition to improved reporting.

Implementation Plan: The recommendation for project level appropriations can be implemented in 2022 and continued in the next budget process.

- c. **Options to establish improved performance metrics, with emphasis on high cost, high risk projects that monitor scope, schedule, budget, and risk mitigation actions.**

Description/Background: Finance provides CIP portfolio data as part of the budget and provides ongoing reporting on revenues and spend rate. Public Works provides data on number of active and completed projects and provides monthly updates on individual projects.

Status: Individual project data is available and Public Works will continue to develop meaningful data reporting that resonates with Council and can be efficiently created.

Recommendation: Finance reporting of spending and Public Works reporting on projects need to be further coordinated to provide a better overall picture of CIP portfolio.

Implementation Plan:

1. Refine project status reporting and review with City Council at quarterly meetings during 2021.
 2. Full implementation of updated reporting system starting in January of 2022.
- 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.**

Description/Background: Preliminary design evaluates alternatives for the project that are presented to the project team to select the preferred alternative. This is typically at about 30% design stage. At this point, based on the alternative selected, the cost estimate and schedule are updated. This has been considered the baseline for projects.

Recommendation: Formalize approach to setting baseline and tracking performance compared to baseline.

Implementation Plan: See Appendix H.

- e. **Provide options to measure benefits of project with emphasis on improved safety, measurable cost savings, and improved services in the operating budget**

Description/Background: Project business cases outline project objectives at a qualitative level. Ultimate objectives for projects often cannot be measured or evaluated until after the project is complete and operating for some time.

Recommendations:

Include measurable objectives in the business case and create process to review objectives prior to project acceptance.

Implementation Plan:

1. Business case form to be refined to ask for "measurable objectives."
2. Work with functional area staff to develop report for completed projects to assess project outcomes relative to objectives.

Complete for 2023-2024 budget process.

- 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.**

The City has the ability to support the implementation of this change. The Financial System (Dynamics AX2012) and the structure of each portfolio in the capital program are configured to address project relationships and hierarchies. The implementation of the new Financial System (Dynamics D365) is scheduled for summer 2021 and will continue to

provide the functionality required. The reporting capabilities of the new system will be built out as Phase 2 of the project begins in late summer.

- 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.**

Description/Background: A capital project contingency is an amount of additional funding over the estimated cost, related to level of risk, that is available to cover additional costs for a future event or circumstance that is possible but cannot be predicted with certainty (known unknowns). Examples include contaminated soils, utility conflicts, bidding climate, changes in cost of materials, etc.

Status: The City has had a standard contingency policy for CIP projects since 2016. There is an approved table for contingency at different project risk levels and at different project stages. Contingencies are applied to the various elements of projects (design, construction, right-of-way) based on the risk of each element. However, the contingency is managed as a pot of funding for each project, not restricted to each element. See Appendix I.

Recommendation:

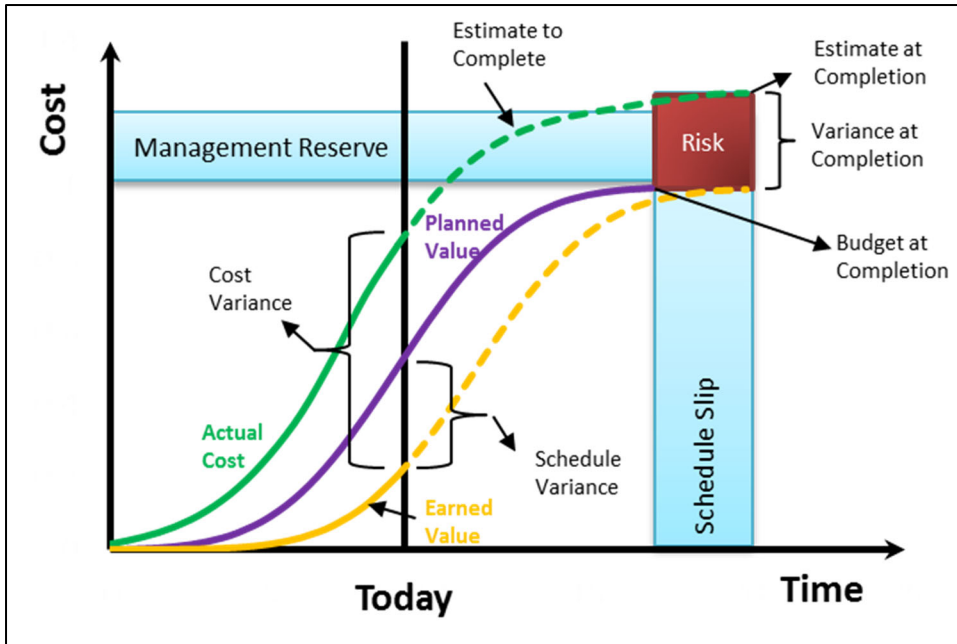
1. Enhance process documentation and formalize contingency review at baseline and award.
2. Formalize management reserve policy.

Implementation Plan:

1. Refine current contingency documentation and establish formal contingency review at baseline and award by January 2022.
2. Formalize management reserve policy and process guidance for use in the development of the 2023-2024 budget.

- 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.***

Description/Background: Cost to Complete, also known as Estimate to Complete, is a standard process in project management. By evaluating the value of the current work for the cost, a calculation is made to look at the potential cost for the remaining work. See diagram below.



Historically in Redmond, leadership, functional managers/staff and Council have been interested in understanding the total costs for projects and have not been focused on the cost to complete. Therefore, City process has been to have project managers update the total cost estimates for projects rather than doing a standard cost to complete analysis. Project managers evaluate where they are in the project, what was learned from that work, what has changed, and what is still needed to complete the project. The project manager plugs the actual spending into the cost estimate plus the estimate for the remaining work to get the estimated total cost for the project. The current process ultimately gets to the same result as typical cost of completion analysis but just another way.

Recommendation: Continue current process.

Implementation Plan: No additional implementation currently planned.

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.

Portfolio and program measurement, baselining and annual reporting will all be enhanced as we work through implementation of the recommendations. Please see Proviso elements (8c, 8d).

III. Outline/Schedule - Change Implementation

Proposed Implementation is discussed on each individual Proviso element. Going forward, the proposal is to report progress during quarterly project updates and provide a comprehensive implementation report early in 2022.

This document meets the obligation of the "Final Report" as outlined in the CIP Budget Proviso. The report will be brought to Council for approval in July to conclude the CIP Proviso.

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

CIP Proviso Initial Report

CIP Proviso

Initial Report – March 23, 2021



Redmond
WASHINGTON

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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
 - Strong and effective program management
 - Effective communication with Council
- State Auditor's Office
 - Contacted State Auditor's Office
 - Two meetings to discuss potential support services
 - Recommending process improvements

II. Status, Evaluations and (Possible) Recommendations

A. Status through 2020

2020 Capital Project Delivery program enhancements:

- 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. Project costs are a concern with the robust economy; bids are coming in higher than expected and materials are 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.
- 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) – 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 – enhancement
- 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

Finance criteria (definitions) that determine what is included in the CIP are being refined. CIP program definitions which clarify project delivery terms 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 (see Appendix B)

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 provided.

5. Descriptions of major changes - process exists to report individual projects changes to Governance Committee - Consider rollup and refinements for Council
6. Improvement to budget preparation
 - a. Summaries - Considering options
 - b. Crosswalks - Considering options
7. Communication of revenue - Considering options
8. Improve year-over-year budget
 - a. Evaluate multi-biennial project appropriation - Considering options
 - b. Advantages and disadvantages of expenditure at the project or program level - Considering options
 - c. Improved performance metrics - Evaluating data options which are limited by software
 - d. Baselineing Projects - 30% design is currently used as baseline, data available at the project level - Considering options for portfolio reporting
 - e. Project Benefits - Qualitative benefits are currently defined in the business case - considering option to develop quantitative benefits perhaps through asset management
 - f. Evaluation of program or master project level rollup - Some program evaluation is available but is labor intensive to collect and evaluate - Software needed to enhance
 - g. Improve and standardize contingency - Standards are in place based on risk and stage of project - considering management options related to risk management
 - h. Cost to complete - Current process focuses on reevaluating overall cost of project rather than cost to complete - Considering options to refine approach
9. Reporting options - Considering 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 set by the functional area.

- 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 (yellow - within contingency, or red - over the contingency). 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. This can be as part of the budget process or at a strategic point like with consideration of consultant agreement, supplemental agreement, grant approval, etc.
- 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 the funding source.

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

Development could begin in the second quarter of 2021, initial Implementation in the third quarter of 2021, with full implementation in 2022.

Project Management Software – Project has been started and stopped due to other City system upgrades taking priority. Project could be the next priority project after one of the current “Big 4” projects is completed. It is still likely years out from implementation.

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 reported/sent to 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 passed
- Stronger project baselining to formally set foundation for performance measurement
- Expand program manager responsibilities and reporting requirements to strengthen broader understanding of the program status, not just individual project status.
- Develop stronger lessons learned. Not just after completion of project but over time to measure performance of project and if its goals were 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

CIP Definitions

CIP Project Phases and Definitions

Sample Bar Chart

Risk Management Plan

CIS Process

Sample Business Case

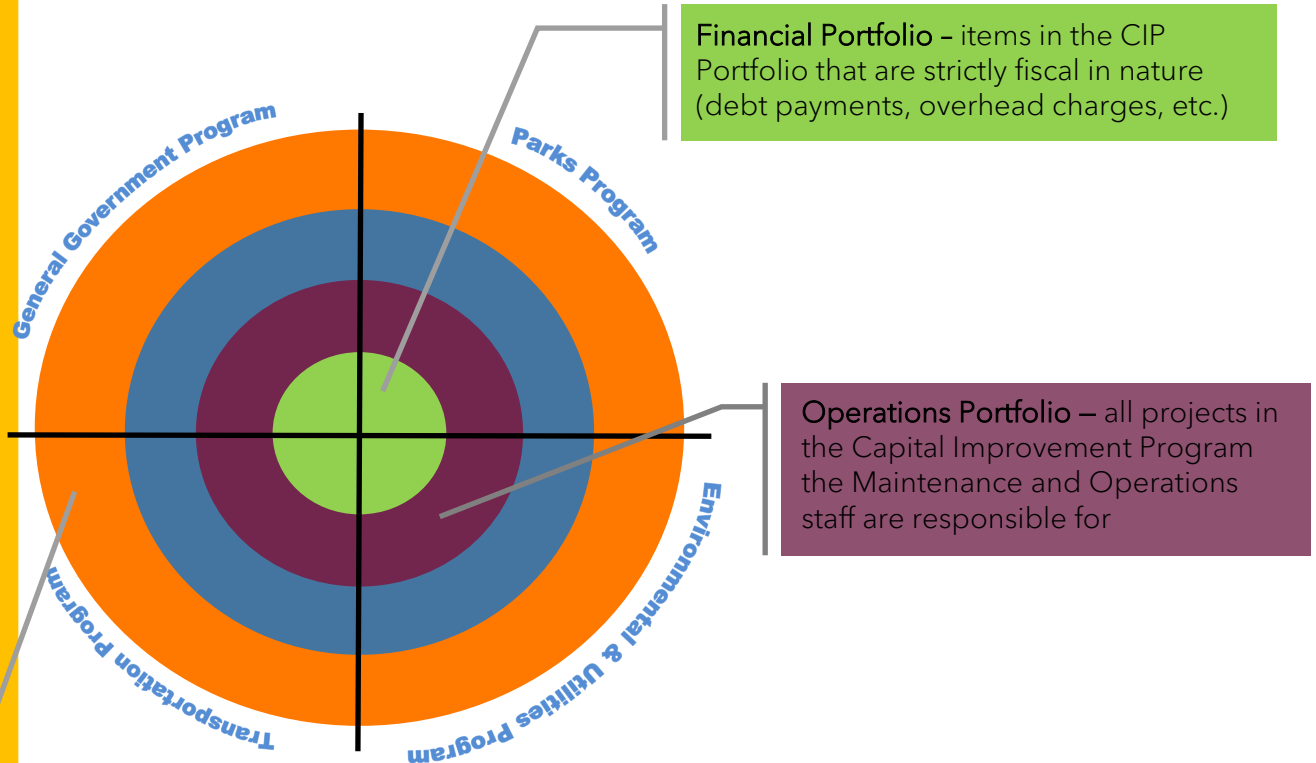
CIP Definitions

CIP Program & Portfolios

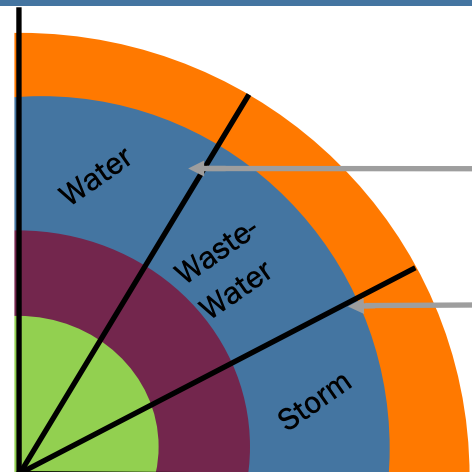
CIP Project and Portfolio Definitions

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



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 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 Phases and 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

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



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%

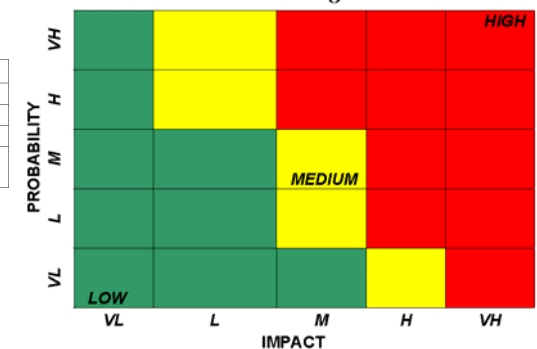
TABLE V(a)
Evaluating Impact of a Risk on Major Project Objectives

	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



CIS Process

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		Jun '25	Jul '25	Aug '25	Sep '25	Oct '25	Nov '25	Dec '25	Jan '26	Feb '26	Mar '26	Apr '26	May '26	Jun '26	Jul '26	Aug '26
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.

Appendix C

Capital Investment Program Glossary - Revised

The following definitions have been added to the glossary:

- Americans with Disabilities Act
- Bids
- Bidding
- Bond Proceeds
- Business Case
- Business Tax Revenue
- Capital Expenditures
- Capital Funding Source
- Capital Investment Appropriation
- Change order
- CIP Program Functional Area
- CIP Program Governance Committee
- CIP Program Portfolio Management Committee
- CIP Program
- CIP Project
- CIP Project Acceptance
- CIP Project Award
- CIP Project Baseline
- CIP Project Closeout Phase
- CIP Project Design Phase
- CIP Project Initiation Phase
- CIP Project Right-of-Way Phase
- Continuing Appropriation
- Contract
- Depreciation
- Depreciation Funding
- Grant
- Impact Fee
- Improvements
- Infrastructure
- Lease Agreement
- Real Estate Excise Tax (REET) Revenue

BUDGET GLOSSARY

2021-2022 ADOPTED BUDGET

CITY OF REDMOND

Above Baseline: A description of how a budget offer can be scaled up and the outcomes achieved if the offer is allocated additional money.

Accounting System: The set of records and procedures, which are used to record, classify, and report information on the financial status and operations of an entity.

Accrual Basis Accounting: Under this accounting method, transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements. Enterprise funds of the City use this basis for accounting. See also Modified Accrual Basis.

Advance Refunding Bonds: Bonds issued to retire an outstanding bond issue prior to the date on which the outstanding bonds become due.

Agency Funds: A fund used to account for assets held by a government on behalf of individuals, private organizations, other governments or funds.

Americans with Disabilities Act: Americans with Disabilities Act, Public Law 336 of the 101st Congress, enacted July 26, 1990. The ADA prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, state and local government services, public accommodations, commercial facilities, and transportation. It also mandates the establishment of telecommunications device for the deaf (TDD)/telephone relay services

Annual Budget: A budget applicable to a single fiscal year.

Appropriation: An authorization made by the City Council that allows expenditures of government resources.

Appropriation Ordinance: The official legal document approved by the City Council authorizing the expenditure of resources.

Assessed Valuation: The estimated value of real and personal property used by the King County Assessor as the basis for levying property taxes.

Asset: Resources owned or held by governments that have monetary value.

Balanced Budget: Current biennium budgeted revenues (including fund balances) are equal to or greater than current biennium budgeted expenditures, and current on-going revenues (without including fund balances) are equal to or greater than current on-going expenditures.

Baseline: The baseline offer should describe what outcome the budget offer is achieving for the dollars represented.

Basis for Budgeting: The budget uses a modified accrual basis for all funds. This differs from a full accrual basis of accounting used in annual financial reports. Some examples of the difference include compensated absences, depreciation, payments on debt principal and capital investment.

Bid: Bids are offers to perform work for a specific price, with the contract going to the lowest responsive bidder.

Bidding: A process whereby a public agency awards contracts for construction or construction-related work objectively, based on bids.

Budgeting, Accounting, Reporting System (BARS): The prescribed and required reporting system for all governmental entities in the State of Washington.

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

Below Baseline: A description of how a budget offer can be scaled down and the consequences to performance outcomes of eliminating funding from an offer.

Benchmark: A measure of results against which an organization compares itself. Typically, the benchmark is the level of results achieved in an organization using an accepted best practice.

Biennial Budget: The financial and operating plan for the City that establishes a two-year appropriation in accordance with Washington State law.

Budget: A composite of strategic decisions made by elected leaders for how to best use resources to achieve the Priorities of the community.

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 investments.

Bond Proceeds: Funds derived from the sale of bonds for the purpose of constructing capital infrastructure.

Budgeting by Priorities (BP): A process, originally designed by the Public Strategies Group, for creating budgets that focus on achieving specific results with strategies that provide the highest value for the dollar.

Budget Calendar: The schedule of key dates that the City follows in the preparation and adoption of the budget.

Budget Message: A written explanation by the Mayor of the budget. The budget message explains principal budget and policy issues, as well as presents an overview of the Mayor's budget recommendations.

Budget Proviso: Budget provisos are the mechanism that the Council uses to impose restrictions on appropriations in the City's budget.

Business Case: Justification for a proposed capital project or investment based on its expected benefit.

Business Tax Revenue: An annual fee assessed per full-time employee to businesses operating in Redmond. A portion of the fee is dedicated to transportation CIP and transportation demand management investments,

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

Capital Investment/Improvement Program (CIP): A six-year plan for future capital expenditures which identifies each capital project, including anticipated start and completion dates, and allocates existing funds and known revenue sources. The CIP is updated and adopted as part of the biennial budget process.

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.

Capital Expenditures: Expenditures within capital projects that may include the cost of planning, design and construction management; land; site improvements; utilities; construction; and initial furnishings and equipment required to make a facility operational.

Capital Funding Source: Revenues coming into a CIP fund for the purpose of expending on capital projects and investments.

Capital Investment Appropriation: Project level or fund level.

Capital Outlay: Expenditures that result in the acquisition of or addition to fixed assets. Examples include land, buildings, machinery, equipment and construction projects.

Change Order: An amendment to a contract to make alterations to an original business agreement or contract.

CIP Program Functional Area: A staff group with a common functional expertise working toward shared objectives. The main infrastructure types the City manages include environmental sustainability, facilities, parks, traffic operations, transportation, water, wastewater, and stormwater,

CIP Program Governance Committee: Oversees development and implementation of Redmond's Capital Investment Program (CIP) to optimize investments and meet City and strategic goals. Members include the Mayor, Chief Operating Officer, and directors from Public Works, Planning, Finance and Parks.

CIP Program Portfolio Management Committee: Representatives from each functional area who participate in the review, prioritization, and recommendation of the six-year CIP to the CIP Program Governance Committee.

CIP Program: A group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually. Programs may contain elements of work outside of the scope of the discrete projects in the program.

CIP Project: A governmental effort involving expenditures and funding for the creation,

expansion, renovation, or replacement of permanent facilities and other public assets having relatively long life.

CIP Project Acceptance: The final stage of the construction phase when all construction activities have been completed.

CIP Project Award: The final stage of the design phase when the project is bid and the contract is awarded to the lowest responsible bidder.

CIP Project Baseline: The established scope, schedule and cost estimate as determined at the end of the preliminary design phase when the 30% design milestone has been met.

CIP Project Closeout Phase: Final phase of a construction project where the project team documents the lessons learned from the project, and transfers the deliverables to operations staff, who will use and maintain the deliverables as an on-going activity.

CIP Project Construction Phase: The phase of a capital project when active construction activities take place.

CIP Project Design Phase: The phase of a capital project that occurs from baseline establishment through contract award and includes 60%, 90% and 100% as design milestones.

CIP Project Initiation Phase: Defines the overall parameters of a project, establishes the appropriate project management and completes the project charter.

CIP Project Preliminary Design Phase: The phase of a capital project through the completion of 30% design where the preferred alternative is selected, and the project baseline is developed.

CIP Project Right-of-Way (ROW) Phase: The phase of a capital project where the procurement of property and easements occurs.

Community: A general term which is meant to include both residents and businesses.

Civic Results Team: A group made up of community members to help prioritize and understand what City-provided services the community values.

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.

Comprehensive Annual Financial Report (CAFR): The official financial report of a government. It includes the State Auditor's audit opinion, as well as basic financial statements and supporting schedules necessary to demonstrate compliance with finance related legal and contractual provisions.

Consumer Price Index (CPI): A measure of the average change over time in the prices paid by urban consumers for good and services.

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

Continuing Appropriation: Funding approved in prior fiscal years, but not expend within the respective fiscal year, are carried forward into subsequent fiscal years for their intended purpose.

Contract: Contractual Services: Services rendered to a government by private firms, individuals or other governmental agencies. Examples include utilities, rent, maintenance agreements, construction or professional consulting services.

Cost-Effectiveness Measure: The ratio of outcome measure to input measure.

Councilmanic Bonds: Councilmanic bonds refer to bonds issued solely upon the approval of the Council. Councilmanic bonds may not exceed 1.5% of assessed valuation.

Dashboard: The high-level summary measures that illustrate results for the City's priorities as a whole.

Debt Service: Payment of interest and principal to holders of the City's debt instruments.

Debt Service Fund: A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Depreciation: An accounting method of allocating the cost of a tangible or physical asset over its useful life or life expectancy.

Depreciation Funding: Setting aside cash equal to annual depreciation to fund future purchases of capital assets.

Demand: The estimated level of need for a service, product or activity.

Development-Related Fees: Fees and charges generated by building, development and growth in a community. Included are building and street permits, development review fees, zoning, platting and subdivision fees.

Efficiency Measure: The ratio of output measure to input measure, generally used to assess the productivity associated with a given service or activity.

Encumbrance: The commitment of appropriated funds to purchase an item or service. In a cash budget, such as the City of Redmond's General Fund, expenditures are recognized only when the cash payments for the cost of goods received or services rendered are made.

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

EPSCA: The Eastside Public Safety Communication Agency is a separate legal entity created by an interlocal agreement among the Cities of Redmond, Bellevue, Kirkland, Issaquah and Mercer Island. The purpose of EPSCA is to develop, own, operate and manage an 800 MHz Eastside radio communication system by and among these government agencies.

Expenditures: Where accounts are kept on the accrual or modified accrual basis of accounting, expenditures are recognized when goods are received or services rendered. Where accounts are kept on a cash basis, expenditures are recognized only when the cash payments are made.

Fiscal Year: A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and results of its operations.

Financial Forecast (Six-Year): Estimates of future revenues and expenditures to help project the long-range financial condition of the General Fund.

Fixed Assets: Assets that are intended to be held or used for a long term, such as land, buildings, improvements other than buildings, machinery and equipment. Fixed assets are also called capital assets.

Full-Time Equivalent (FTE): Expresses staff in terms of full-time (40 hours per week) employment. For example, a person who works 40 hours per week is described as 1.0 FTE. An employee who works 20 hours per week calculates to a 0.5 FTE (20 hours divided by 40 hours).

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.

Generally Accepted Accounting Principles (GAAP): Both industry and governments use GAAP as standards for accounting and reporting financial activity. The Governmental Accounting Standards Board (GASB) currently sets government GAAP. Adherence to GAAP assures that financial reports of all state and local governments contain the same type of financial statements and disclosure, for the same categories and type of funds as well as account groups, based on the same measurement and classification criteria.

General Obligation Bonds: Bonds for which the full faith and credit of the insuring government are pledged for payment.

Grant: An external contribution by a government or other organization to support a particular function or project.

Growth Management Act (GMA): Comprehensive Washington State legislation that requires cities and counties to undergo a prescribed planning process to accommodate projected population growth. Examples of the planning process include defining the levels of service city government will provide to its residents, developing a six-year capital facilities plan and determining how to fund existing capital deficiencies.

Impact Fee: Charges assessed by local governments against new development projects that attempt to recover the cost incurred by the government in providing the public facilities required to serve the new developments. Impact fees are only used to fund the proportionate share of new facilities that are directly associated with the new development and cannot be used to correct existing deficiencies in public facilities.

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

Infrastructure: The basic facilities, services, and installations needed for the functioning

of a community, such as transportation and communications systems, water and wastewater utilities and public buildings.

International Association of Firefighters (IAFF): Bargaining unit that represents all commissioned fire personnel below the level of Deputy Fire Chief.

Indicator: A measure or a combination of measures, that allows the observer to know whether the priority is being achieved.

Input Measure: A measure of resources invested, used or spent to deliver the services, products or activities.

Interfund Payments: Expenditures made to other City funds for services rendered.

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.

Intergovernmental Services: Purchases from other governments of those specialized services typically performed by local governments.

Interlocal Agreement: A contract between two government entities whereby one government assumes the lead responsibility of a project that overlaps both jurisdictions.

Internal Service Fund: Funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City.

Law Enforcement Officers and Firefighters (LEOFF): The retirement system provided for all police officers and firefighters by the State of Washington.

Lean: A process by which customer and/or community value is maximized while minimizing waste along entire value streams, instead of at isolated points.

Lease Agreement: A contract between two parties, the lessor and the lessee. The lessor

is the legal owner of the asset, while the lessee obtains the right to use the asset in return for regular rental payments and agrees to abide by various conditions regarding their use of the property or equipment.

Lease-Purchase Agreement: Contractual agreement termed "lease," but which in substance amount to a purchase contract.

Level of Service (LOS): The Growth Management Act requires cities and counties to establish a level of service for five functional areas (Parks, Fire, Police, Utilities and Transportation). Examples of levels of service might be: one police officer per population of 1,000, a fire or emergency response time of no greater than five minutes or one acre of community park per 1,000 population. The levels of service are defined by the City Council and become the basis for the Capital Facilities Plan. The City's inability to meet its designated level of service will bar further development until the deficiency is removed or the level of service is redefined.

Levy (verb): To impose taxes, special assessments or service charges for the support of government activities.

Levy (noun): The total amount of taxes, special assessments or service charges imposed by a government.

Limited-Duration: An individual hired full or part-time for a specific project or purpose with an employment period that has a specified ending date. The Mayor and City Council approve requests for limited duration FTEs.

Local Improvement District (LID): A local improvement district is an area where an improvement is authorized that will benefit selected property owners and the cost is passed on to property owners through special assessments.

Long-Term External Debt: Debt borrowed from a source outside the City with a

maturity of more than one year after the date of issuance.

Low Impact Development (LID): A land planning and engineering design approach to manage stormwater runoff, emphasizing conservation and use of on-site features to protect water quality.

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).

Mandate: A legal requirement that a jurisdiction provide a specific service, sometimes at a specific level.

Measure: A numerical expression documenting the quality or quantity of a resource, process or product, or the impact of the process or product.

Modified Accrual Basis: Under this accounting method, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures for the most part are recognized when the related fund liability is incurred except for prepayments, accumulated employee leave and long-term debt. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. See also Accrual Basis Accounting.

NORCOM: The North East King County Regional Public Safety Communications Agency provides emergency service communications to the public for

emergency medical services, fire and police.

Object: An expenditure classification, which refers to the type of item purchased or the service obtained. Examples include personnel services, contractual services, materials and supplies.

Offer: A proposal by a Department in response to a Request for Offers indicating what they will do to produce the Priority, how much it will cost and how success will be measured.

Operating Budget: The operating budget is the primary means by which most of the acquisition, spending and service delivery activities of a government are controlled. Law requires the use of annual operating budgets.

Operating Transfer: Routine or recurring transfers of assets between funds, which support the normal operations of the recipient fund.

Other Services and Charges: An expenditure classification which includes professional services, communication, travel, advertising, rentals, leases, insurance, public utility services and repairs and maintenance.

Outcome Map: A visual representation of the connection between (1) the desired outcomes of a budget priority to (2) specific objectives that budget offers within the budget priority aim to meet, to (3) the metrics which measure progress toward the outcomes.

Outcome Measure (aka Effectiveness Measure): A measure of the results of an activity in terms of its intended objective.

Output Measure: The number of services or products delivered.

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

Personnel Benefits: Those benefits paid by the City as conditions of employment. Examples include insurance and retirement benefits.

Policy: A policy is a guiding principle which defines the underlying rules which will direct subsequent decision-making processes.

Price of Government (POG): The sum of all taxes, fees and charges collected by all sectors of government divided by the aggregate personal income of the government's jurisdiction. The calculation is used to define the band within which residents are willing to pay for government services.

Priority: A statement indicating what the community wants from its government.

Program Performance Measure (aka Program Indicator): A performance measure for a specific program.

Property Tax Levy - Regular: Represents the amount of property tax allowable under State law which the City may levy annually without approval by the City's registered voters. State law fixes the maximum levy in dollars per \$1,000 of assessed valuation and the annual rate at which total regular levy property taxes may increase.

Property Tax Levy - Excess: Represents the amount of property tax which a city government may charge in excess of the "regular levy" upon the approval of this tax by a vote of the people. Cities most commonly use the revenue to pay the annual costs of voter-approved general obligation bonds. State law imposes a maximum limit on the dollar amount of such bonds which a city may have outstanding at any one time.

Public Employees Retirement System (PERS): Retirement benefits provided by the State of Washington for all city employees except police and fire.

Public Safety Employees Retirement System (PSEFS): Retirement benefits provided by the State of Washington for all city police support employees.

Quality Measure: A measure of how well the service, product or activity was delivered, based on characteristics important to customers.

Real Estate Excess Tax (REET) Revenue: REET is a 0.5% tax on the sale of real estate inside city limits and is restricted to expenditures on capital investments.

Redmond City Hall Employees Association (RCHEA): The largest of the City's five bargaining units representing predominantly clerical, professional and technical positions.

Redmond Police Officers Association (RPOA): Bargaining unit representing all City of Redmond commissioned police officers below the rank of lieutenant.

Redmond Police Support: Bargaining unit representing non-commissioned police support staff including dispatchers, record specialists, crime analyst and evidence technician.

Revised Code of Washington (RCW): The RCW is Washington State Law.

Reserve: An account used to indicate that a portion of fund equity is legally restricted for a specific purpose.

Resources: Total dollars available for appropriations including estimated revenues, interfund transfers and the beginning fund balance.

Results Team: A group made up of City employees to help prioritize and understand what City-provided services the community values.

Revenue: Income received by the City to support community services. This income may be in the form of taxes, fees, user charges, grants, fines and interest.

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

Revenue Estimate: A formal estimate of how much revenue will be earned from a specific revenue source for some future period, typically, a fiscal year.

Scalability: The process by which Departments indicate how much of a result they can produce at various price levels. Measured against changes in expectations regarding service levels.

Special Assessment Bonds: Bonds payable from the proceeds of special assessments such as local improvement districts.

Strategic Plan: A long range (at least three to five years) statement of direction for an organization, which identifies vision, mission, goals and strategies, as well as measure which will show progress made in achieving goals.

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

Supplemental Employee: An employee hired directly by the City for other than regular positions. Supplemental employees may be used to fill-in for regular employees during absences or vacations, temporarily fill a regular position pending the hiring of a regular employee, meet peak workload needs or staff special projects.

Supplies: An expenditure classification for articles and commodities purchased for consumption or resale. Examples include office and operating supplies, fuel, power, water, gas, inventory, resale items, small tools and equipment.

Target: The desired level for a specific performance measure. See also Measure.

Taxes: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit.

Transportation Master Plan (TMP): A blueprint for developing the City's long-range transportation system.

Urban Planned Development (UPD): The residential, commercial and office development that is located in unincorporated King County between Union Hill Road and Novelty Hill Road. The City agreed to provide water and sewer services to the UPD area in 1992.

User Charge: The payment or fee for direct receipt of a public service by the party who benefits from the service.

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

Vision Statement: An inspiring, challenging and meaningful statement that describes the future of the organization, as seen through the eyes of the customers, stakeholders, employees and residents.

Appendix D

CIP Project Planning Spreadsheet Sample - Updated

Note: this is only a portion of the full chart.
Red text indicates data has changed since previous month.

Updated
05/12/21

Substantial Completion	Contract Award	Detailed Cost Estimate	CIS Estimate	Jun-21	This month
Scope to Budget	Placeholder	No Estimate		Jul-21	
				Aug-21	

Functional Area	Lead Inspector	Inspector	Functional Area Lead	Construction PM	Functional Area Mgr	Project Name	Current Approved Budget	Total Cost Estimate	Initiation	Preliminary Design Start	Baseline (30%)	Advertise	Award	Substantial Completion	Acceptance	Closeout	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022
Transportation	Rich H	Ilir D	Peter D.	Eric D.	Don C.	NE 51st St. (CFD) and 156th Hawk Signal	7,348,017	7,348,017	Feb-16	Feb-16	Feb-16	May-19	Jun-19	Jun-20	Jun-21	Jun-22																		
TOSE	Pat G	Cody C		John M.	Paul C	Willows Road Rehab & Conduit for TSIP	3,109,099	2,692,357	Mar-17	Apr-17	Jun-18	Apr-19	May-19	Jul-20	May-21	May-22																		
Wastewater			Jeff T.	Mike H.	Scott T.	Control & Telemetry System Upgrades Phs I (PS 1, 4, 5, 6, 7 & 8)	1,082,000	1,082,000	Aug-18	Aug-18	Sep-18	Nov-18	May-19	Apr-21	Jun-21	Jun-22																		
Parks		James L	Quinn K.	John M.	Dave T.	Redmond Pool Rehabilitation (Phase 2)	2,774,271	2,774,271	Feb-19	Jun-19	Sep-19	Feb-20	May-20	Apr-21	Jul-21	Jul-22																		
Transportation	Pat G	Pat G	Peter D.	Bassam A.	Peter D.	SR520 Trail Grade Separation @ NE 40th St.	14,261,932	14,261,931	Jun-16	Apr-16	May-18	Jan-20	Mar-20	May-21	Jul-21	Jul-22																		
Water	Consultant	Consultant	Lisa R.	Joe O.	Steve H.	SE Redmond Tank Painting & Seismic Upgrade	5,887,698	5,790,596	Nov-18	Jun-19	Oct-19	Jun-20	Jul-20	Jul-21	Sep-21	Sep-22																		
Water	Pat G	Pat G		Eric D.		Hypochlorite Generation Unit Replacement	507,700	507,700				Oct-20	Jan-21	Jul-21	Sep-21	Sep-22																		
Parks/Facilities	James L	James L	Tom L	Joe O.	Lee Ann S.	KCFD Seismic Repairs 14 & 18	4,178,215	4,500,000	Feb-18	May-18	Jul-19	Sep-20	Nov-20	Sep-21	Sep-21	Sep-22																		
Water	Rich H	Rich H	Lisa R.	Eric D.	Steve H.	VFD Pump Replacement	2,304,151	2,304,151	Apr-20	Apr-20	Jun-20	Oct-20	Jan-21	Sep-21	Dec-21	Dec-22																		
TOSE	Rich H	Rich H	Adnan S.	Aaron N.	Paul C	Retaining Walls - RedWay Rockery	1,628,505	1,622,564	Apr-19	Jun-19	Aug-19	Feb-21	Apr-21	Sep-21	Dec-21	Dec-22																		
Stormwater	Rich H	Cody C	Emily F.	John M.	Steve H.	Willows Road Culvert Replacement	3,228,318	3,228,318	Mar-17	Apr-17	Jun-18	Dec-20	Feb-21	Oct-21	Dec-21	Dec-22																		
Parks	Pat G	Pat G	Jeff A.	Rob C.	Dave T.	Westside Park Renovation	2,600,000	2,600,000	Aug-19	Oct-19	Feb-20	Mar-21	Apr-21	Oct-21	Dec-21	Dec-22																		
Transportation	Goldman	Phillips	Peter D.	John M.	Don C.	31st St. Light Rail Access to Ped/Bike Bridge	644,480	792,181	Nov-19	Nov-19	Mar-20	May-21	Jul-21	Oct-21	Dec-21	Dec-22																		
Wastewater	Otak	Otak	Scott T.	Mike H.	Scott T.	Pump Station 13 Replacement	14,030,795	14,030,795	Jun-18	Oct-18	Feb-19	Feb-20	Mar-20	Nov-21	Jan-22	Jan-23																		
Parks/Stormwater	Rich H	Rich H	Roger D	Rob C.	Steve H.	Smith Woods Stream/Pond Rehab	1,396,004	1,169,751	Aug-18	Mar-19	Apr-20	Jun-21	Aug-21	Nov-21	Feb-22	Feb-23																		
Stormwater			Steve H	Rob C.	Steve H.	NE 40th St. Stormtrunk Phs II (Stormwater Treatment Retrofit)	6,269,146	6,246,632	Aug-16	Aug-16	Mar-19	May-21	Jul-21	Feb-22	Apr-22	Apr-23																		
Parks/Facilities		James L	Tom L	Joe O.	Lee Ann S.	Fire Station 16 & FS Shop Seismic Upgrades	1,300,000	3,511,756	Oct-18	Nov-18	Nov-19	Jun-21	Aug-21	Feb-22	Apr-22	Apr-23																		
Transportation	N/A	N/A		Mike P.	Don C.	Redmond Technology Station Bridge (Staff only)	520,000		Jun-14	Jun-18	Jan-19	N/A	Mar-21	Mar-22	Jun-22	Jun-23																		

Appendix E

Risk Management Plan Process - Additional Information

Introduction

All CIP projects have some level of risk. Planning and managing for that risk helps improve the likelihood that the project will be successfully delivered. The level of risk planning and management needed depends on the size and complexity of the project and the inherent risks associated with the activities of the project.

Redmond's CIP risk management approach has three levels:

1. **No Formal Plan** – Relatively small routine projects (typically < \$500K), where risks are minor and well understood based on organizational experience. Risk planning is intuitively managed through the normal project management process.
2. **Light Risk Plan** – Small to mid-size projects (typically \$500K~\$5M), where risks are predictable, risks are identified through the initial business case development and are used to establish contingencies for the initial cost estimate. Risks are then reevaluated during the project chartering process and when the project is baselined (~30% design) and are managed throughout the design and construction using normal project management processes.
3. **Standard Risk Plan** – For larger project (typically > \$5M) risks are identified through the initial business case development and are used to establish contingencies for the initial cost estimate. During project chartering phase, project team identifies potential risks and management strategies. Project manager leads development of a formal risk management plan (guidance available on the CIP Initiation Checklist). Plan is reviewed and managed at strategic milestones (e.g., 60% design, 90% design and at bid award) and at least every six months. As the project progresses, contingency funds may be reduced if risks do not materialize.

Process and Expectations

Risk level is recommended in the initial project business case and must be confirmed by the Construction Division Manager. Decision may be reconsidered at project charter and again when project is baselined (~30% design). Risks will be reexamined at strategic milestones and at least every six months. Projects with standard risk plans will formally review and report on the risk status to the project team and Construction Engineering Supervisor. At 30% design and once bids are received, project risks will be formally reviewed by the Construction Manager and Project Fund Manager. If risks are mitigated and/or avoided, project contingencies may be reduced to free up resources for other projects.

Transitioning to refined process:

Projects that were underway prior to this risk management guidance will need to phase in the appropriate level of risk management planning. Projects that have not started or have not reached 30% design by July 1, 2021 will be required to develop a risk plan at the identified level. Projects past 30% design but not yet in construction by July 1, 2021 will be evaluated by the Construction Manager and may need to provide a higher level risk plan based on the size of the project, the inherent project risks and the stage of the project. Projects awarded for construction prior to July 1, 2021 will not be required to change the project risk management approach.

Appendix F

Evaluation Criteria for Prior Biennium Budgets

Evaluation Criteria Applied to Proposed CIS/CIP Projects in Prior Biennium Budgets

2017-2030 CIS (2017-'22 CIP) - 8 criteria with points ranging from 0-5

Evaluation Criteria	Points
<p>1. Infrastructure Preservation, Replacement and Risk Mitigation: Capital investments that preserve, and improve the reliability and integrity of existing assets.</p>	<p>The score is based on whether the investment is needed to:</p> <ul style="list-style-type: none"> a. preserve or replace infrastructure to maintain its reliability, b. replaces outdated systems that are approaching the end of its useful life, or c. prevent the imminent loss of a major facility system or the structural failure of a facility <p>4 = Investment will have exceptional positive impact 3 = Investment will have a substantial positive impact 2 = Investment will have a moderate positive impact 1 = Investment will have minimal positive impact 0 = Investment will have no positive impact</p>
<p>2. Neighborhoods: Capital investments that maintain and enhance Redmond as a desirable location to live, work, play and visit</p>	<p>The score is based on the extent to which the investment will:</p> <ul style="list-style-type: none"> a. provide safe and attractive places to recreate and connect with others in our neighborhoods, b. improve travel choices and mobility, c. increase neighborhood transportation connections, d. enhance Redmond's distinct places and character, e. likely support retention and attraction of businesses, employees and customers, or f. likely support an increase in the supply and diversity of housing in Redmond or on the Eastside g. address neighborhood level customer issues/complaints <p>4 = Investment will have exceptional positive impact 3 = Investment will have a substantial positive impact 2 = Investment will have a moderate positive impact 1 = Investment will have minimal positive impact 0 = Investment will have no positive impact</p>
<p>3. Core Packages in Urban Centers: Capital investments that support the Urban Centers and provide the attractive and vibrant urban environment envisioned for Downtown and Overlake.</p>	<p>The score is based on the extent to which the investment will:</p> <ul style="list-style-type: none"> a. complete the infrastructure facilities and services needed for people who live, work, and visit these urban neighborhoods b. likely retain or attract residents, businesses, customers, visitors and/or development, or c. provide key opportunity projects that may become a catalyst for economic and community vitality <p>4 = Investment will have exceptional positive impact 3 = Investment will have a substantial positive impact 2 = Investment will have a moderate positive impact 1 = Investment will have minimal positive impact 0 = Investment will have no positive impact</p>
<p>4. Health & Safety: Capital investments that eliminate or significantly reduces unsafe life-safety conditions.</p>	<p>The score is based on the extent to which the investment:</p> <ul style="list-style-type: none"> a. addresses a life-safety issue b. addresses current customer problems and issues that involve unsafe conditions c. has clear safety compliance ramifications, or

Evaluation Criteria	Points
	<p>d. enhances the health and safety of the public in their use of the natural and built environment.</p> <p>4 = Investment will have exceptional positive impact 3 = Investment will have a substantial positive impact 2 = Investment will have a moderate positive impact 1 = Investment will have minimal positive impact 0 = Investment will have no positive impact</p>
<p>5. Environmental Quality: Capital investments that keep Redmond clean, green, and healthy by protecting, maintaining and restoring our environment and encouraging sustainable consumption and choices.</p>	<p>The score is based on the extent to which the investment will:</p> <p>a. create and maintain healthy and sustainable habitats or ecosystems, or b. support sustainability such as through waste reduction or energy efficiency</p> <p>4 = Investment will have exceptional positive impact 3 = Investment will have a substantial positive impact 2 = Investment will have a moderate positive impact 1 = Investment will have minimal positive impact 0 = Investment will have no positive impact</p>
<p>6. High Leverage Value: Capital investments that achieve high value for the dollars invested.</p>	<p>The score is based on the extent to which the investment:</p> <p>a. leverages actions and resources from others b. is being sequenced with other projects, or c. has a significant portion underway</p> <p>4 = Investment will have exceptional positive impact 3 = Investment will have a substantial positive impact 2 = Investment will have a moderate positive impact 1 = Investment will have minimal positive impact 0 = Investment will have no positive impact</p>
<p>7. Relation to Plans, Regulations and Agreements: Capital investments that deliver and maintain needed infrastructure facilities and services consistent with adopted plans, current levels of service, or state or local requirements and regulations.</p>	<p>The score is based on whether the investment:</p> <p>a. supports the Comprehensive Plan and is included in an adopted functional or b. strategic plan and Redmond's Capital Investment Strategy, part of a regional plan, or c. required by law, regulation, mandate or agreement with other jurisdictions or partners.</p> <p>4 = Investment is required by a legally binding mandate. 3 = Investment is consistent w/adopted plans and is required by law 2 = Investment is consistent with adopted plans or is required by law 1 = Investment is included in an administrative plan and does not serve a legal requirement 0 = Investment is not included in any written plan</p>
<p>8. Strategic Initiatives: capital investments that are key strategic initiatives.</p>	<p>The score is based on whether the investments is listed as a key strategic initiative.</p> <p>4 = Investment is listed as one of the key strategic initiatives 0 = Investment is not listed as one of the key strategic initiatives</p>

2019-2030 CIS (2019-'24 CIP) - 7 Urgency criteria with points ranging from 0-5

Evaluation Criteria	Points
<p>1. Status of Project in current 2019-22 CIP.</p> <p><i>Purpose is to acknowledge that projects included in the current 2019-24 CIP already have had a degree of vetting to earn a position on the CIP list. However, rather than giving all the projects an automatic seat in the upcoming CIP, the projects are re-evaluated based on a business case. The intent is to re-evaluate the need or timing for projects in light of more urgent capital investment proposals in the upcoming 2021-26 CIP. Projects awarded high points are highly likely to continue through completion, whereas projects with lower scores may be candidates for deferral, e.g., to mid- or long-term CIS or cancellation if the originally contemplated need no longer exists. Projects that score low here could be boosted by scoring higher in one or more of the other 6 urgency-related criteria.</i></p>	<p>5 = Contract awarded and project under construction</p> <p>3 = Project in 30-100% design, approved business case</p> <p>1 = Project is in 2019-20 CIP and/or has been initiated, 0-30% design, alternatives analysis/ business case completed</p> <p>0 = Project is not included in current funded 2019-20 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 2021-26 CIP, project would lose greater than 50% of its total project costs from outside funding sources.</p> <p>3 = If not funded, project would lose less than 50% of its total project cost from outside funding sources.</p> <p>1 = Grants applied for.</p> <p>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 Oct. 2019 <i>Community Strategic Plan</i>. (new)</p> <p>3 = Project is not in the <i>Community Strategic Plan</i> but has been singled out as a priority by Mayor or Council. E.g. TSIP projects</p> <p>0 = Project is not listed in the <i>Community Strategic Plan</i> 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</p> <p>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)</p> <p>0 = Project is not impacted by a federal or state mandate.</p>

Evaluation Criteria	Points
<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.</p> <p>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.</p> <p>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.</p> <p>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 = 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. <i>(new)</i></p> <p>3 = Asset is in poor condition. <i>Significant</i> 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 <i>substandard</i> 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 <i>actual or imminent funding agreement</i> between the City and public or private parties.</p> <p>3 = Contract is "in play" – preliminary stages of negotiation. <i>(new)</i></p> <p>0 = Project schedule is not driven by an agreement between City and external parties.</p>

Appendix G

Governance Committee Charter



Capital Investment Program Governance Committee Charter

Mission

The mission of the Governance Committee is to oversee development and implementation of Redmond's Capital Improvement Program (CIP) to optimize investments and meet City and strategic goals.

Purpose

- ▶ To facilitate delivery of the CIP
- ▶ To ensure that the portfolio, individual programs and projects deliver the expected investment benefits and meet the City's strategic objectives.
- ▶ To control allocation of resources (staff, funding, etc.) that support the CIP in accordance with the City's strategic priorities and operational needs.
- ▶ To ensure that projects are prioritized based on clear, standardized criteria including life-cycle costs, risks and benefits and not based on grants or other external factors.

Membership

The Committee's permanent membership is composed of the following individuals:

- ▶ Mayor (optional)
- ▶ Chief Operating Officer (COO)
- ▶ Public Works Director
- ▶ Planning Director
- ▶ Finance Director
- ▶ Parks Director

Roles of Members

Committee Chair

- ▶ The Public Works Director will serve as the Committee Chair, and the Planning Director will serve as the Committee Vice Chair and will perform the duties of the Chair in the Chair's absence or in the event of a vacancy in the office of Chair.
- ▶ The Committee Chair will act as a sounding board for the Portfolio Manager to discuss projects, policy, and procedural issues ahead of the Committee meeting and to help structure the agenda, ensure projects are ready for review and promote efficient and productive discussions.

Committee Members

- ▶ Remain engaged in the process
- ▶ Focus on facilitating progress to complete the CIP
- ▶ Maintain the integrity of the Governance process, procedures and policies but allow for flexibility to facilitate timely decisions for project progress
- ▶ Take a City view of the portfolio, programs and projects

Committee Role and Responsibilities

- A. Provide guidance and support the development of the CIP
 - ▶ Communicate and reinforce the understanding of strategic priorities and City objectives.
 - ▶ Establish prioritization and authorization criteria to help guide CIP development and management.
 - ▶ Support the identification of potential projects from functional plans, asset management, community input and strategic goals and objectives.
 - ▶ Evaluate and provide input on project proposals (business cases).
 - ▶ Commit staffing resources in development of the City's CIP.
 - ▶ Review the proposed CIP and determine if it is aligned with organizational goals and objectives, it provides reasonable value, its risks are acceptable, and it is integrated across functions.
 - ▶ Evaluate CIP viability (funding, timing, staff capacity, etc.).
 - ▶ Submit the CIP to the Mayor for consideration in the budget process.
- B. Provide on-going oversight of the portfolio and programs
 - ▶ Review performance and proposed recommendations to adjust the portfolio and/or programs.
 - ▶ Review and remediate escalating issues and risks.
 - ▶ Make decisions about investments and priorities for the CIP portfolio.
 - ▶ Provide portfolio and program financial oversight.
 - ▶ Evaluate and manage staff resources to deliver the CIP in balance with other City priorities.
 - ▶ Define key messages to be communicated to stakeholders and the City.
 - ▶ Provide leadership in making, enforcing, carrying out and communicating portfolio and program decisions
- C. Review and authorize project changes and new project requests
 - ▶ Review Portfolio Management Committee recommendations.
 - ▶ Review change requests and determine value and alignment with goals.
 - ▶ Consider new project requests – impact on portfolio, program, other projects, staffing and finances.
- D. Governance process oversight
 - ▶ Authorize the creation, responsibilities and authorities of the Portfolio Management Committee.
 - ▶ Approve Governance related policies and procedures.
 - ▶ Support development of systems to facilitate process.
 - ▶ Establish Portfolio Manager responsibility and authority.
 - ▶ Communication and record keeping.
 - ▶ Ensure clarity of project team roles, responsibilities and accountability.

Role of CIP Portfolio Manager

- ▶ Facilitate the Committee and organize its meetings.
- ▶ Track portfolio data and report to Committee.
- ▶ Bring forward Portfolio Management Committee recommendations for Committee consideration.
- ▶ Serve as the lead advocate for the project's Business Case.
- ▶ Ensure that materials are of the appropriate quality and completeness for Committee review and decision-making.
- ▶ Bring pertinent staff to Governance Committee meetings to help answer questions and clarify issues.

Operations

Logistics

- ▶ Committee meetings typically occur the fourth Thursday of each month.
- ▶ Special meetings can be convened as needed to address a time-sensitive issue.
- ▶ The Portfolio Manager will send link to the meeting agenda, and materials for review if appropriate, typically at least 3 days prior to the meeting.
- ▶ Meeting summaries including decisions made will be prepared and made available to all City staff. Action items will be assigned and tracked for completion or modification.
- ▶ Performance measurement and reporting will be structured around monthly evaluation of project and portfolio progress.
- ▶ Issues identified will be summarized for reporting and strategies for resolution will be provided and tracked to ensure that issues are addressed promptly.

Decision-Making

Action taken by the Committee shall be by those members or representatives present. Decisions will be made by consensus to the degree possible. If consensus cannot be reached, the COO will make the final decision.

Charter Approvals

Approved By/Date	Approved By/Date
<hr/> Maxine Whattam, Chief Operating Officer	<hr/> Carrie Hite, Parks Director
<hr/> Malisa Files, Finance Director	<hr/> Carol Helland, Planning Director
	<hr/> Dave Juarez, Public Works Director

Appendix H

Baseline Guidance

CIP Proviso

Baseline Guidance Document

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.

Background

Initial project budgets are developed with the project business cases. Scopes are identified and cost estimates are developed by the Construction Division based on experience, recent project bids and market trends. Staff time and costs are estimated, a preliminary schedule is developed, and standard contingencies are applied based on a preliminary risk assessment. This total cost estimate is used to establish the initial budget that is included in the biennial budget document CIP that is approved by City Council.

At project initiation, the cost estimate is reevaluated and reviewed at the charter meeting. The design consultant is hired, and the preliminary design is initiated. Preliminary design evaluates alternatives for the project that are presented to the project team to select the preferred alternative. This is typically at about 30% design stage. At this point, based on the alternative selected, the cost estimate and schedule are updated. This has been considered the baseline for projects. However, this point has not been consistently tracked or used to measure project performance.

If the project cost estimate is within the contingency of the approved budget, the project continues into the final design phase. If the project is over the contingency, the functional area is asked to determine how they wish to proceed. Options include considering a cheaper alternative or features, looking for additional funds (grants), reducing scope, or asking for more City funding. In the project reporting, project cost estimates that are over budget have status indicated as yellow (within contingency) or red (over contingency). If the functional area wants to make a project change, they must make a request through the Portfolio Management Committee (PMC). Minor changes can be authorized by the PMC, but most requests must also be authorized by the Governance Committee. Authorization means that the project change can be assumed so the project can continue. However, most changes will need formal approval by Council. That can occur at the next regular Council action on the project (supplemental consultant agreement, project award, budget adoption, etc.).

New process proposed

Formal project baseline at 30% design

Each project will go through a formal baseline review with the Construction Division Manager to set the baseline scope, schedule, and cost estimate. If the project scope and delivery year are unchanged and the project is within budget, then the project will proceed with final design. Projects with deviations from the approved plan will need to be adjusted and authorized before they can continue. The level of authorization needed will be based on the extent of the deviation(s) (see table).

Level of Deviation	Scope	Schedule	Budget*	Authorized by
Minor	N/A	Schedule change but not change in start or delivery year	Project is within the contingency and there are viable options that could bring it within budget through final design	Construction Manager
Moderate	Change in method but not in scope	Change in delivery year due to carry over Change in start year but less than 6 months from planned	Increase to budget where funding has been identified and will not adversely impact other projects (savings or otherwise unallocated funds)	Portfolio Management Committee
Major	Changes that generally still do the same project but may change features	Change in start and/or delivery year	Increase to budget that will impact other projects (funding change will cause delay or change in scope of another future project)	Governance Committee
Significant	Change in project	Moving project out of biennium	Increase in budget that will impact other projects and in an increase of \$1m or more	Council

* All budget changes require Council approval - authorization allows project to continue until Council approval is granted. Any project could be directed to Council for authorization before progressing.

Once the baseline for a project is set, the project will be measured against that plan. For the schedule measure, the goal is to deliver the projects in the year indicated in the approved CIP. The Construction Division sets the project schedules to meet the delivery year, but also to manage staff workload, weather restrictions, permit requirements, and many other factors. The scheduled projects that are delivered in planned year are considered on time even if the schedule slipped relative to the schedule plan set by the Construction Division.

Transition approach

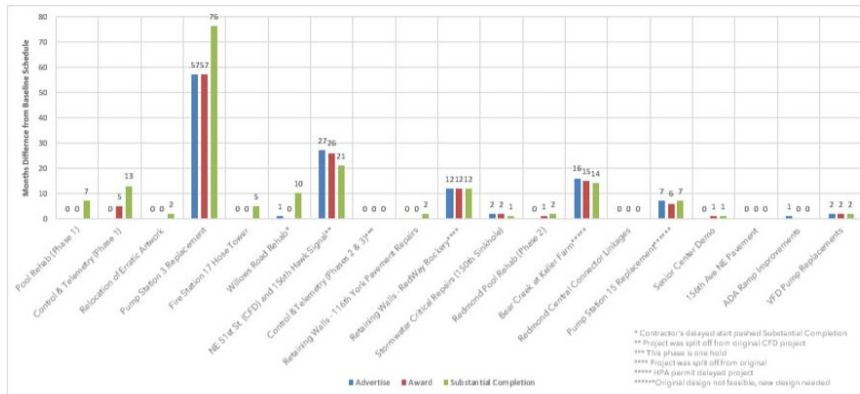
Target to move all projects managed by the Construction Division to the new baselining process by 2022. Projects that are not managed by the Construction Division typically do not follow the same process of having a 30% review. We will consider other options to evaluate these projects.

Projects that have gone to construction by July 1, 2021 and did not set the baseline data will not be measured with this process. Additionally, projects that had scope changes will also not be measured against the 30% baseline. For projects that have passed 30% design, we will make every attempt to recover the baseline data to apply the process. All projects that have not yet reached 30% design will use the new process.

Sample:

Proviso Elements – Baseline samples

Project Name				Project Initiation Date	Primary Design Start	Project Start Date	Advertise Start Date	Contract Award	Sub- Contract Award	Contract Completion Date	Contract Acceptance Date	Project Closeout Date	Jan-19	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-20	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-21
3 Relocation of Erratic Artwork - baseline				Apr-19	May-19	Sep-19	Dec-19	Feb-20	Apr-20	Jun-20	Jun-21																										
Relocation of Erratic Artwork - actual				Apr-19	May-19	Sep-19	Dec-19	Feb-20	Jun-20	Sep-20	Sep-21																										



Project	Est Cost @ 30%	Final Costs
Relocation of Erratic Artwork	\$576,300	\$566,107
Bear Creek at Keller Farms	\$851,686	\$887,232

Appendix I

Managing Process for Contingency

Capital Project Delivery Managing Process for Contingency

5/27/21

Introduction

The goal of this process is to effectively manage capital project expenditures to target delivery of projects at or close to the organizationally accepted estimated cost for the improvements (not including contingency or management reserve). However, it is recognized that capital construction has many risks, and funds (contingency) need to be available to effectively address added costs to facilitate the delivery of projects. This process to use added funds is intended to be easy to administer, transparent, and managed at the appropriate level so that projects can be effectively delivered and the implications of funding decisions on the project and the entire portfolio are understood and acceptable to the organization.

A capital project contingency is some amount of additional funding over the estimated cost for the project improvements that is available to cover additional costs for a future event or circumstance that is possible but cannot be predicted with certainty (known unknowns). Examples include contaminated soils, utility conflicts, bidding climate, changes in cost of materials, etc.

A capital project management reserve is additional funds over and above the contingency that is set aside for other potential risks (unknown unknowns) or opportunities. Examples include labor strikes, weather delays, availability of materials, pandemic, etc.

At the project development stage

The Capital Investment Strategy (CIS) is the process that is used to introduce projects and prioritize them across the City. The description of the issue and potential solution are used to evaluate the project across city-wide criteria. The CIP is developed from the prioritized CIS list also considering funding, project diversity across functional areas, and our capacity to deliver.

A cost estimate is prepared for all projects proposed to be in the CIP. The estimate is developed using the City's standard template (below) which includes a calculation for contingency. At this stage in the process, the project cost estimates are very rough and are more like budget place holders.

		Project Contingency - Percent of Base Cost		
Phase		Planning	Design	Construction
Risk	High	40%	30%	20%
	Medium	30%	25%	15%
	Low	25%	20%	10%

When placing the projects on the CIP, the cost estimates are typically not adjusted for inflation if they are programed in the six years. The contingency is determined based on risk and stage of the project. Higher risk warrants a higher contingency. Additionally, the earlier the project is in development, the more that is unknown, therefore the higher the proposed contingency. The description of the problem, potential solution, and approximate potential investment are what the City Council considers when reviewing and approving the CIP.

Project initiation

Work is initiated on projects in the year that funding is available based on the approved CIP. The Construction Division also develops target months for initiation with the functional areas so that the workload across the portfolio of projects can be effectively managed. At initiation, functional area representatives in partnership the construction project manager refine the project cost estimate using the template including updating the contingency. If the project cost estimate is greater than the budget, then funding options are considered, including proceeding anyway, adjusting the schedule, canceling the project, reducing the scope, looking for grant/other funds, and/or allocating more funding. To support any decision on allocating additional funding, the project manager and fund manager need to provide information on the impact to the fund portfolio.

As the project proceeds through preliminary design, the contingency funding is typically managed by the project manager with the functional area lead. As the project proceeds as scoped, changes in a project that need to use contingency are usually discussed between the functional area lead and construction project manager. Significant changes are communicated up the chain of command. Staff use their discursion on how high in the chain the issue needs to be raised. The functional area lead has authority to manage the use of contingency funds. However, the CIP Governance Committee needs to be consulted to approve the use of contingency funds for any scope changes to a project.

Baseline

At ~30% design, the project alternatives are discussed and a decision is made on the preferred alternative. At this point a detailed cost estimate is developed. Contingencies are reevaluated and refined based on the preferred alternative. Contingency is applied to the individual phases of the project (design, right of way, construction) separately. For example: the project could be low risk for right of way but high-risk construction. The cost estimate at this stage will be compared to the ultimate project cost as a performance measure for the capital project delivery function.

Final design

The project cost estimate is updated again at 60%, 90% and 100% design. The 100% design cost estimate is the detailed engineer's estimate for the project to give a sense of the potential bid price. If the cost estimate is more than 25% or \$500K, whichever is less, over the cost estimate at baseline, then the project needs to go to the CIP Governance Committee for approval to bid the project.

Bidding and contract acceptance

Until bids come in, are evaluated, and one is found acceptable, the likely project costs are not actually known. Prior to award of the construction contract, the cost estimate including contingency is reevaluated. The project manager and the functional area lead meets with the fund manager to discuss options for project budget allocation. Excess funding over what the project is expected to cost, plus appropriate contingency, can be removed from the project and allocated to other projects. Again, if the cost estimate is greater than the budget, options are considered as listed previously. Any budget increases would need to be approved by the City Council with the award of the construction contract.

During construction

During construction the construction project manager manages the project contingency. Minor changes (<\$25,000) follow the minor change process. Changes over the minor change threshold follow the City's change order process requiring coordination with functional area representatives, fund managers, and the construction division manager with ultimate approval by the City engineer. However, the CIP Governance Committee needs to be consulted to approve the use of contingency funds for any scope changes to a project and for requested use funds above the approved project budget. During construction as the project progresses and risks are avoided, there may be opportunities to move money out of the project. This is a decision by the construction project manager with input from the functional area lead, functional area manager and fund manager. Any consideration to use the project saving for additional scope items must be approved through the CIP Governance Committee.

Acceptance of improvements

At construction contract acceptance, any project savings or overruns are addressed in the final acceptance memo to be approved by the City Council. A source for additional funds is identified or surplus funds are described as reallocated back to the appropriate fund.



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.

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