

# City of Redmond



## Agenda Study Session

**Tuesday, June 8, 2021  
7:00 PM**

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## City Council

*Mayor  
Angela Birney*

*Councilmembers  
Tanika Kumar Padhye, President  
Jeralee Anderson, Vice-President*

*David Carson  
Steve Fields  
Jessica Forsythe  
Varisha Khan  
Vanessa Kritzer*

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Please contact the City Clerk's office at (425) 556-2194 one week in advance of the meeting.**

## Redmond City Council Study Session

1. 2021 Legislative Session Debrief

*(30 minutes)*

[Attachment A: City of Redmond 2021 State Legislative Agenda](#)

[Attachment B: 2021 Legislative Session Debrief Presentation](#)

[Attachment C: 2021 Final Legislative Session Report](#)

2. CIP Proviso Final Report

*(45 minutes)*

[Attachment A: Final Report](#)

[Attachment B: Presentation](#)

3. Council Talk Time

*(10 minutes)*



## Memorandum

**Date:** 6/8/2021  
**Meeting of:** City Council Study Session

**File No.** SS 21-044  
**Type:** Study Session

**TO:** Members of the City Council  
**FROM:** Mayor Angela Birney  
**DEPARTMENT DIRECTOR CONTACT(S):**

Executive	Angela Birney	425-556-2101
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**DEPARTMENT STAFF:**

Executive	Nina Rivkin	Chief Policy Advisor
Executive	Briahna Murray	Contract State Lobbyist

**TITLE:**  
2021 Legislative Session Debrief

**OVERVIEW STATEMENT:**

At the June 8, 2021, City Council Study Session, Briahna Murray, the City's State Lobbyist, will provide an overview of the 2021 Legislative Session, an update on how the City fared on its top priority 2021 legislative issues, and identify upcoming issues.

☒ **Additional Background Information/Description of Proposal Attached**

**REQUESTED ACTION:**

☒ **Receive Information**      ☐ **Provide Direction**      ☐ **Approve**

**REQUEST RATIONALE:**

- **Relevant Plans/Policies:**  
2021 State Legislative Agenda
- **Required:**  
N/A
- **Council Request:**  
N/A
- **Other Key Facts:**  
The 2021 Legislative Session was the first year of the biennial Legislative Session, which lasted from January 11, 2021 - April 25, 2021. Each year after the conclusion of the Legislative Session, the City's State Lobbyist and Chief Policy Advisor provide an update to Council, primarily focusing on the City's top legislative priorities, which consisted of the following priorities for 2021:
  - Senior and Community Center
  - 148<sup>th</sup> Transportation Improvements

- Affordable Housing and Preventing Homelessness
- Environmental Sustainability
- Social and Criminal Justice Reform
- Fiscal Sustainability
- Local Control

**OUTCOMES:**

The City's legislative work resulted in State funding for projects included in the Legislative Agenda; this included \$1.25 million of funding for the Senior and Community Center, as well as the inclusion of \$27 million for a pedestrian bicycle path on 148<sup>th</sup> Avenue NE over SR 520 in the proposed Transportation Revenue Package. Additionally, the City successfully advanced policy positions in the City's top priority legislative issues.

**COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:**

- **Timeline (previous or planned):**  
N/A
- **Outreach Methods and Results:**  
N/A
- **Feedback Summary:**  
N/A

**BUDGET IMPACT:**

**Total Cost:**  
N/A

**Approved in current biennial budget:** ☐ Yes ☐ No ☒ N/A

**Budget Offer Number:**  
N/A

**Budget Priority:**  
N/A

**Other budget impacts or additional costs:** ☐ Yes ☐ No ☒ N/A

***If yes, explain:***  
N/A

**Funding source(s):**  
N/A

**Budget/Funding Constraints:**  
N/A

☐ **Additional budget details attached**

**COUNCIL REVIEW:**

**Previous Contact(s)**

Date	Meeting	Requested Action
12/1/2020	Business Meeting	Approve
1/11/2021- 4/26/2021	Weekly written Legislative Session Reports provided to Council during the Legislative Session	Receive Information

**Proposed Upcoming Contact(s)**

Date	Meeting	Requested Action
Fall 2021	Study Session	Provide Direction

**Time Constraints:**

This legislative update will inform a fall discussion with Council on a draft 2022 Legislative Agenda.

**ANTICIPATED RESULT IF NOT APPROVED:**

N/A

**ATTACHMENTS:**

Attachment A: City of Redmond 2021 State Legislative Agenda  
Attachment B: 2021 Legislative Session Debrief Presentation  
Attachment C: 2021 Final Legislative Session Report



**CITY OF REDMOND**  
**2021 STATE LEGISLATIVE AGENDA**  
***Top Priority Issues***

**Senior and Community Center:** Redmond requests \$5 million toward the construction of a new Redmond Senior and Community Center. The senior center unexpectedly closed in 2019 when the building failed. The new Senior and Community Center will address the needs of seniors as well as community members and provide a gathering space for cultural celebrations and community events. This project is community-driven, urgent, and will serve Redmond for the next 50 years.

**148<sup>th</sup> Transportation Improvements:** The City encourages the Legislature to adopt a transportation revenue package to invest in projects throughout the state. Within the package, Redmond requests \$51 million to improve 148<sup>th</sup> Avenue NE to increase the flow of traffic onto SR 520 and pedestrian and bicycle safety. This project supports significant growth and investments in the region - including the Overlake Light Rail Station, the Microsoft Refresh project, and key housing developments such as Seritage and Esterra Park. The project will construct a pedestrian and bicycle path across SR 520 and add an additional through-lane to facilitate traffic on-and-off SR 520.

**Affordable Housing and Preventing Homelessness:** Redmond is developing a Housing Action Plan to identify actions needed to improve housing affordability. The City supports funding and local option tools to diversify the housing supply, including targeted investments at the lowest income level, as well as funding the Housing Trust Fund (HTF) and the Housing Essential Needs (HEN) program. In response to challenges stemming from the COVID-19 pandemic, Redmond supports policies, programs and rental, mortgage, and utility assistance to ensure residents remain housed as the eviction moratoria ends.

**Environmental Sustainability:** Redmond is supportive of policies to reduce greenhouse gas emissions and advance environmental health, including decarbonizing the economy, green building codes, energy efficiency requirements, renewable energy, electric vehicle infrastructure, climate resiliency and planning, reducing the waste stream, and habitat restoration. The City will advocate to ensure these proposals are consistent with the City's environmental sustainability plan and best serve the needs of the Redmond community.

**Social and Criminal Justice Reform:** Implicit bias and racism exist throughout our institutions. Redmond will support systemic reforms that are timely, reasonable, and effective. Specifically, the City supports statewide reforms to policing and corrections to provide greater safety for communities that historically have been harmed by existing systems while maintaining public safety, such as maintaining a database of officers fired for misconduct, decertification for use of force violations, duty to intervene for officer misconduct or illegal activity, and requiring mental well-being and trauma support for officers.

**Fiscal Sustainability:** Redmond encourages the state to identify reforms to the tax system that provide a progressive, equitable, stable, and reliable revenue source to meet the needs of state and local government. The City asks that the Legislature protect and enhance state-shared revenues, authorize flexibility with existing revenues, and provide revenue replacement to help cities balance significant budget shortfalls resulting from the COVID-19 pandemic.

**Local Control:** Redmond urges the Legislature to honor local decision-making authority. The City serves as the government closest to the people and is most responsive to the community in meeting its needs.

## ***Support/Oppose Issues***

### **General Government**

- Public Records Act (PRA): Redmond is committed to public records openness and transparency. Redmond joins the Association of Washington Cities (AWC) and others in monitoring studies and implementation of recent PRA updates.
- OPMA Proposal: Redmond supports amendments to the Open Public Meetings Act providing cities with greater flexibility to hold virtual meetings during emergencies.
- FEMA Reimbursement: Redmond asks that the state allocate funding for half of the local match required for FEMA reimbursement to assist in recovering costs associated with COVID-19.

### **Mental Health and Human Services**

- Human Services Programs and Funding: Redmond supports ongoing and increased funding for programs to protect our most vulnerable populations.
- Mental Health Response Funding: Redmond supports increased funding to serve those facing mental health challenges, such as crisis intervention and mental health co-responders.

### **Environment**

- Culvert, Fish & Habitat Funding: Redmond encourages the State to invest in State and local culvert, floodplain, and fish habitat projects to open habitat on a watershed basis.
- Stormwater Funding: Redmond encourages the State to invest in stormwater projects to help jurisdictions meet National Pollutant Discharge Elimination System (NPDES) permit obligations.

### **Planning**

- Multi-Family Property Tax Exemption: Redmond will monitor proposals regarding the multi-family property tax exemption to ensure there are not negative impacts to the City's program.
- Growth Management Act (GMA): Redmond supports adding climate change as a GMA planning goal, will monitor additional reform proposals, and requests funding to implement local planning.

### **Infrastructure**

- Public Works Assistance Account (PWAA): Redmond supports fully funding the Public Works Assistance Account.
- Preservation & Maintenance of Local Roads: Redmond requests direct funding to cities to meet local transportation maintenance needs such as pavement preservation and ADA improvements.
- Park & Recreation Funding: Redmond supports funding programs administered through the Recreation and Conservation Office.

### **Public Safety**

- Basic Law Enforcement Academy Funding: Redmond requests fully funding the Basic Law Enforcement Academy Funding.

### **Redmond Supports the Association of Washington Cities and Sound Cities Association**

## CITY OF REDMOND

### 2020 STATE LEGISLATIVE AGENDA

#### **Guiding Principles:**

The City has adopted the following principles to guide the City's Legislative Agenda:

- **Protect home rule and local authority:** The Legislature should refrain from pre-empting the authority of local cities and communities which are closest to the citizens they serve.
- **Refrain from imposing unfunded or "under-funded" mandates:** It is important that the Legislature refrain from imposing new unfunded or "under-funded" mandates upon local jurisdictions unless there is adequate funding provided to implement them.
- **The State should not erode local revenues and local taxing authority:** As "creatures of the State," cities in Washington have only the taxing and revenue authority directly provided to them by the State Legislature. It is vital that lawmakers refrain from making decisions that erode or eliminate those revenues and the local taxing authority that is given to cities.
- **The State should preserve Operating, Capital, and Transportation budget funding that flows to cities:** Redmond urges the Legislature to refrain from cutting or eliminating operational and infrastructure funding for Redmond and other cities, including the Connecting Washington projects and timelines as previously scoped.
- **The Legislature should reward jurisdictions that step up to implement the policy goals developed by the State, as it exercises its decision-making, particularly in grant and loan programs:** Redmond is an example of a city doing the right things to implement the Growth Management Act (GMA), accommodate density, ensure the urban centers of downtown and Overlake are conducive to "transit-oriented" and pedestrian-friendly development, embrace "green building", climate-change and Vehicle Miles Traveled (VMT) strategies, etc. As it makes funding and policy decisions regarding grant and loan programs, the State should find ways to reward jurisdictions, such as Redmond, that carry out and embrace these policy objectives.



# 2021 Legislative Session Debrief

Nina Rivkin, Chief Policy Advisor  
Briahna Murray, State Lobbyist

June 8, 2021

# Purpose

- Overview of the city's legislative program
- Share outcomes of the 2021 legislative session
- Next steps



# City Legislative Program

- Mayor recommends and Council adopts state legislative agenda
- Agenda guides city lobbying and advocacy efforts
- State lobbyist leads strategy and interactions with the Legislature
- Weekly reports throughout session



# Broad Overview of 2021 Legislative Session

- First year of two-year legislative biennium
- 105-day session, conducted virtually
- Democrats held majority
- Adopted operating, capital, and transportation budgets
- 1,076 bills introduced; 334 passed into law



# Senior and Community Center

- \$5 million state capital request
- Strategy:
  - Ask for more, expect less
  - Both 45<sup>th</sup> and 48<sup>th</sup> district legislators championed
  - Feedback: that's a large request!
- Capital budget includes \$1.25 million
- Together Center also allocated \$1.03 million



# 148<sup>th</sup> Transportation Improvements

- \$51 million state transportation funding request
  - Bicycle/pedestrian path over SR 520
  - 148<sup>th</sup> Lane Improvements
  - Connections to light rail, TOD, employers
- Transportation revenue needed to fund new projects
  - Move Ahead and Forward Washington Proposals
  - \$27 million included for bike/ped path



# Affordable Housing & Preventing Homelessness

- Top priority for several years
- Funding
- Local option tools
- Rental, mortgage, and utility policies and assistance through COVID-19



# Environmental Sustainability

- New priority this year
- Decarbonizing the economy
  - Low Carbon Fuel Standard
  - Cap and Invest System
- Electric vehicles
- Reducing the waste stream





# Social and Criminal Justice Reform

- Package of 12 bills passed into law
- Highlights:
  - Office of Independent Investigations
  - Duty to Intervene
  - Change in police tactics
  - Decertification of officers for misconduct
- Additional revenue for implementation



# Fiscal Sustainability

- Reform to state and local tax system
  - Capital Gains Tax
  - Working Families Tax Credit
  - 1% Property Tax Cap
- State-shared revenues
- Unfunded mandates



# Local Control

- Dozens of bills introduced infringing on local control
- Two passed into law:
  - HB 1220: Emergency shelter siting
  - SB 5235: Unrelated persons per home



# Support/Oppose Issues

- Mental Health and Human Services
- Culvert and Stormwater Funding
- Multi-family Property Tax Exemption
- GMA studies/work groups
- Public Works Assistance Account Funding
- Parks and Recreation Funding
- Basic Law Enforcement Academy Funding



# **Next Steps and Thank you**

Any Questions?





## **City of Redmond 2021 Legislative Session Report**

Dear Mayor Birney, City Councilmembers and City Staff,

It was a pleasure to advocate for the City of Redmond throughout the 2021 legislative session, which will go down in the history books as unlike any other. The legislature met in a virtual format for the entire session, keeping the capitol campus closed to everyone except a handful of staff and legislative leaders. This made the 105-day “long” session especially long as video screens, text messages, phone calls and emails replaced face-to-face meetings.

Despite these challenges, we are pleased that the City of Redmond was successful in advancing its legislative priorities, including securing \$1.25 million for the Redmond Senior and Community Center. This would not have been possible without an active and supportive legislative delegation; Sen. Manka Dhingra, Sen. Patty Kuderer, Rep. Larry Springer, Rep. Roger Goodman, Rep. Vandana Slatter, and Rep. Amy Walen. We encourage you to express great thanks to the delegation.

Now that session is over, attention will turn to implementing the actions of the legislature including discussion regarding a potential special session later this year to enact a transportation revenue package.

Looking ahead, the 2022 legislative session will be the second of the two-year legislative biennium. Democrats will retain control of the House, Senate, and Governor’s Office, and the legislature will consider supplemental budgets that adjust the biennial budgets adopted this session. In addition to new policy proposals, any bills that were not adopted by the legislature in 2021 can be considered again. The 2022 legislative session will be followed by the 2022 November elections. Members to the State Redistricting Commission have been appointed by the legislature and will be submitting their proposed redistricting plan to the legislature in 2022. The legislature will consider and adopt a redistricting plan for use in the 2022 election.

The ever-changing political climate requires adaptive and consistent advocacy. We look forward to working with the City of Redmond throughout the interim months to continue advancing the City’s priorities and preparing for the 2022 legislative session.

Thank you,

*Briahna Murray*

## Overview of the 2021 Legislative Session

The 2021 Legislature convened for a 105-day session that was conducted almost entirely virtually. Due to the virtual format, legislators were encouraged to limit the number of bills introduced. Legislators considered 1,075 bills this session and approved 334. By comparison, this is about half as many bills introduced, and about 100 fewer to get approved, than would occur in an average year.

As the first year of the two-year legislative biennium, the Legislature was tasked with developing biennial operating, capital, and transportation budgets. This task became even more monumental when the federal government approved the American Rescue Plan Act, providing the state with \$4.25 billion in federal assistance that must be spent by December 31, 2024.

As the majority party, Democrats set the policy agenda for the 2021 session, indicating that they were focused on four main areas: 1) respond to the COVID-19 pandemic; 2) address economic recovery; 3) address racial equity; and 4) address climate change. Significant legislation passed in all four areas. Significant policy changes included approving a capital gains tax, a working family tax credit, a low carbon fuel standard, a cap-and-trade system, a slate of a dozen police reform bills, a new approach to prosecuting and treating controlled substance addiction, modification of the “three strikes you’re out” sentencing policy, a new 9-8-8 mental health system... and more.

**2021- 2023 Operating Budget:** The state’s operating budget funds all state agency operations, including K-12, higher education, human service programs, and more. Leading up to the beginning of the legislative session, there were concerns that the operating budget would face a significant revenue shortfall. However, the March economic revenue forecast reflected a rebound from the pandemic. This, combined with revenue from the federal government, provided the state with revenue to have one of the largest increases in state budgeting in recent history. The 2021-23 operating budget appropriates \$59.2 billion – a \$3.2 billion increase over last biennium. The budget also assumes \$415 million in capital gains revenue (Senate Bill 5096). \$1 billion in federal funds are transferred to the Washington Rescue Plan Transition Account to be later appropriated to respond to COVID-19 impacts, and \$1.8 billion is transferred from the Budget Stabilization Account to the state general fund. The four-year budget outlook projects that the state will end the 2023-2025 biennium with over \$1 billion in reserves.

**2021-2023 Capital Budget:** The biennial capital budget funds bricks and mortar construction, excluding transportation. The Legislature allocated \$6.3 billion for the 2021-23 biennial capital budget, in which \$3.9 billion is from general obligation funds, making it the largest capital budget in recent history. The remaining \$2.4 billion consists of \$589 million in federal stimulus funds, \$275 million in Model Toxics Control Accounts, \$255 million in alternative financing, and \$1.2 billion in other funds. Due to the passage of the federal American Rescue Plan Act, the budget appropriates \$189 million from the Coronavirus Capital Projects Fund for projects that support work, education, and health monitoring, including remote options in response to the pandemic. Additionally, \$400

million is allocated to the Coronavirus State Fiscal Recovery Fund to make necessary investments in water, sewer, and broadband infrastructure.

**2021-2023 Transportation Budget:** Transportation revenues were hit hardest throughout the COVID-19 pandemic and have been slow to rebound. Prior to the beginning of the legislative session, the Washington State Supreme Court overturned I-976, which would have limited car tabs to \$30. This meant that the state could budget car tab revenues that it had otherwise not planned to receive. Even with this additional revenue, a revenue shortfall due to the impacts of the pandemic remained, and a need to invest significant funding in replacing state-owned culverts. This shortfall combined with significant statewide demand for transportation investments in preservation and maintenance and new projects prompted a great deal of discussion about a transportation revenue package.

During the 2021 legislative session, there was discussion of a “grand bargain” where legislators would approve a transportation revenue package, a low carbon fuel standard, and a cap and invest system. While the Legislature reached agreement on a low carbon fuel standard and cap and invest system, they did not reach agreement on a transportation revenue package.

There were several transportation revenue package proposals released; however, the two with the most momentum came from the House Transportation Committee Chair, Rep. Jake Fey (D-Tacoma) who released a framework for the *Miles Ahead* proposal, and the Senate Transportation Committee Chair, Sen. Steve Hobbs, who introduced bills proposing the *Forward Washington* plan. The notable differences between these two proposals that prevented an agreement on a single proposal included: 1) how high the gas tax should be increased; 2) whether cap-and-invest revenues should be spent only on projects that reduce carbon in the transportation sector, or all transportation projects; 3) the level of investment in preservation and maintenance.

Without a revenue package, the Legislature adopted a 2021-23 Transportation Budget that used federal funds to continue projects that have already been allocated funds and to fund the replacement of state-owned culverts. The total 2021-23 Transportation Budget was \$11.7 billion, with \$1.126 billion allocated to fish barrier correction using a watershed approach.

Notably, the two bills authorizing a low carbon fuel standard and the cap-and-invest systems included language delaying the effective date of enforcing compliance with the programs until the Legislature enacts a state gas tax increase of at least five cents. These provisions were included to provide motivation for legislators to reach an agreement on a transportation revenue package in a special session, or in the 2022 session. Governor Inslee vetoed these provisions. This makes the prospects of a future transportation revenue package uncertain – that said, since the veto, legislators have been indicating that they still intend to continue discussions of a transportation revenue package.



## Redmond Legislative Priorities

**Redmond Community and Senior Center:** The City requested \$5 million for the Redmond Community and Senior Center. The City requested this amount knowing that it would likely not receive the fully amount requested, but that strategically asking for a bold amount of funding would lead to a significant state investment. Due to strong legislative leadership and city advocacy efforts, the 2021-23 Capital Budget allocates \$1.25 million in funding for the Redmond Senior and Community Center. This is a significant contribution, and significantly higher than the average appropriation of \$724,000 provided to a single project within the Capital Budget's local and community project account.

***Additional Capital Budget Investments in Redmond:*** The 2021-23 Capital Budget also allocated funding to the following projects in the Redmond community:

Project	Final 2021-2023 Capital Budget
Together Center Redevelopment	\$1.03 million
The Landing	\$258,000
Marymoor Park Dock Replacement (RCO – Aquatic Lands Enhancement Account)	\$500,000

**148th Transportation Improvements:** The City requested \$51 million in any transportation revenue package to improve 148<sup>th</sup> Ave NE to increase the flow of traffic on to SR 520 and construct a bicycle/pedestrian path over SR 520. Prior to the beginning of the legislative session, the City did substantial outreach to the 45<sup>th</sup> and 48<sup>th</sup> district legislators and legislators that serve on the transportation committees. This outreach effort continued in earnest throughout the legislative session, with the City providing testify before both the House and Senate Transportation Committees on several occasions. This advocacy culminated in the inclusion of \$27 million dollars for the 148<sup>th</sup> Ave NE bicycle/pedestrian path over SR 520 in the Senate's Forward Washington Proposal. This is a significant investment and is reflective of the state's emphasis on funding multimodal projects throughout the state. Given this, the City is well-positioned to receive funding for this project if/when a state transportation revenue package is adopted.

As described in the session overview above, the Legislature did not reach an agreement on a transportation revenue package however it is anticipated that the legislature will continue to work on a transportation revenue package with potential action either in a special session or during the 2022 Legislative Session.

**Affordable Housing and Preventing Homelessness:** Redmond has identified affordable housing as a top legislative priority for several years. Each year, the Legislature makes incremental progress on the issue. Below are notable budget appropriations and bills that passed the legislature pertaining to affordable housing and preventing homelessness:

*Notable Budget Appropriations:*

- \$1 billion for rental and utility assistance, including funding generated by House Bill 1277 (see below)
- \$187 million for foreclosure prevention assistance (to implement House Bill 1108, see below)
- \$130.7 million for the Housing Essential Needs program
- \$58 million for grants to support the operations and maintenance of permanent supportive housing
- \$35 million for grants to local governments to increase shelter capacity
- \$31.3 million in eviction prevention services to implement Senate Bill 5160 (see below)
- \$23 million to expand the HOME Investment Partnership Program to house homeless or those at-risk of becoming homeless
- \$15 million to support unhoused youth and young adults
- \$10 million for housing needs of those with intellectual and developmental disabilities
- \$7.5 million for consolidated homeless grant program
- \$6 million for grants to local government for costs in providing emergency non-congregate sheltering through September 2021
- \$6 million for homeless families and youth services
- \$4 million for community beds, permanent and temporary, for those with mental illness
- \$2 million for transitional housing pilot for homeless youth
- \$175 million allocated to the Housing Trust Fund
  - \$20 million for competitive preservation grants or loans
  - \$10 million for community housing and cottage communities for shelters
  - \$5 million for housing for those with developmental disabilities
  - \$15 million for specified projects
- \$10.9 million for contaminated property redevelopment grants for affordable housing
- \$93.8 million for rapid housing acquisition grants to purchase or rent real property for shelters, permanent supportive housing, or low-income housing
- \$25.7 million for rapid capital housing and homelessness projects
- \$42 million in utility improvement or connection grants to local government and PUDs to new affordable housing projects

*Local Tax Revenues Authorized to be Spent on Acquisition:* [House Bill 1070](#), sponsored by Rep. Cindy Ryu (D-Shoreline), modifies legislation passed during the 2020 Legislative Session ([House Bill 1590](#)) that authorized a county or city, by councilmanic action, to impose a local sales and use tax for affordable housing. Under this bill, the portion of the funds raised from HB 1590 dedicated to housing can be used for the acquisition of affordable housing, facilities providing housing-related services, behavioral health-related facilities, or land for these purposes. Affordable housing includes emergency, transitional, and supportive housing. Prior to acquiring a facility, a

county must consult with the city in which the facility is located. A county must provide an opportunity for 15 percent of the units in an acquired facility to be provided to individuals living in or near the city in which the facility is located or otherwise have ties to that community. Such prioritization must not jeopardize the United States Department of Housing and Urban Development funding for the Continuum of Care Program. King County state-shared lodging tax revenues may be used for housing or facilities for homeless youth. Additionally, the definition for affordable workforce housing is modified to include housing for a single person, family, or unrelated persons living together whose income is at or below 80 percent of the median income, adjusted for household size, for the county where the housing is located. The bill became effective on April 14, 2021 when the Governor signed the bill into law. The final bill can be found [here](#) and a summary can be found [here](#).

*Foreclosure Support:* [House Bill 1108](#), sponsored by Rep. Tina Orwall (D-Des Moines), will provide additional funding to the Foreclosure Fairness Program to provide mediation services to those homeowners facing foreclosure. The 2021-23 Operating Budget allocates \$187 million to the program. Additionally, this bill expands eligibility for the program by removing the requirement that residential real property of up to four units be owner-occupied for purposes of the program. The final bill can be found [here](#) and a summary can be found [here](#).

*Tenant Protections and Landlord Assistance:* [Senate Bill 5160](#), sponsored by Sen. Patty Kuderer (D-Bellevue), establishes a plan, including mediation, for when the eviction moratoria ends. On March 18, 2020, Governor Inslee issued Proclamation 20-19 to prohibit a number of activities related to evictions by all residential landlords operating residential rental property in the state. Since then, the Governor has issued multiple extensions of the eviction moratorium with the current variation, Proclamation 20-19.6, set to expire June 30, 2021. The bill requires landlords to offer a repayment plan to tenants six months following the end of the moratoria, and payments may not be more than 1/3 of the tenant's monthly rent; allows landlords to claim up to \$15,000 in reimbursement from the Landlord Mitigation Program for unpaid rent if a tenant defaults on a repayment plan; dispute resolution centers are authorized to establish a two-year, statewide eviction resolution program. A landlord may be liable for violations of the tenant protections up to 2.5 times the monthly rent. At the request of legislative leadership, Governor Inslee vetoed sections 12 and 13 of the bill, which directed the Department of Commerce to provide financial relief to landlords through various grant programs. The reasoning for the removal of previous funding requirements within the bill were due to insufficient funding within the final operating budget and duplicative grant opportunities provided within House Bill 1368, which stemmed from federal funding and went into effect on February 19, 2021. The partially vetoed bill was signed on April 22 and went into effect on the same day. The final bill can be found [here](#) and a summary can be found [here](#).

*Eviction Prevention Assistance:* [House Bill 1277](#), sponsored by Rep. Timm Ormsby (D-Spokane), would increase the document recording fee by \$100. The funds collected must be fully remitted to the state to be distributed as follows: 20 percent of funds must be deposited into the Affordable Housing for All Account for the operations, maintenance, and service costs for permanent supportive housing. From July 1, 2021,

through June 30, 2023, 4 percent of funds must be deposited into the Landlord Mitigation Program Account (LMPA). After June 30, 2023, 2 percent of funds must be deposited into the LMPA. The remainder of funds must be distributed to the Home Security Fund Account, with 60 percent of the funds to be used for project-based voucher for nonprofit housing providers or public housing authorities, housing services, rapid rehousing, emergency housing, or acquisition. Priority for use must be given to project-based vouchers and related services, housing acquisition, or emergency housing for individuals who are chronically homeless, including families with children, and at least 50 percent of clients served must be living unsheltered at the time of initial engagement. In addition, funds may be used for the Eviction Prevention Rental Assistance Program (EPRAP), foreclosure prevention services, rental assistance for people experiencing homelessness, and tenant education and legal assistance. The final bill can be found [here](#) and a summary can be found [here](#).

***Environmental Sustainability:*** New this year, the City established a legislative priority in support of policies to reduce greenhouse gas emissions and advance environmental health, including decarbonizing the economy, green building codes, energy efficiency requirements, renewable energy, electric vehicle infrastructure, climate resiliency and planning, reducing the waste stream, and habitat restoration. Below are notable bills that passed the legislature that are related to environmental sustainability:

***Low Carbon Fuel Standard:*** [House Bill 1091](#), sponsored by Rep. Joe Fitzgibbon (D-Buren), will enact a statewide low carbon fuel standard that aims to decrease the carbon intensity of transportation related fuels by 20% below 2017 levels by 2038. Traditional fuel producers will need to either decrease the carbon intensity of their fuels or purchase clean fuel credits which may increase the cost of gasoline. Clean Fuel producers will generate credits that can be monetized to further support decarbonization efforts such as electric vehicle infrastructure like public and fleet charging. The final bill can be found [here](#) and a summary can be found [here](#). The Governor [vetoed](#) provisions of the bill linking the implementation of the low carbon fuel standard to the development of a transportation revenue package. This controversial veto is likely to be challenged legally.

***Cap-and-Invest:*** [Senate Bill 5126](#), sponsored by Sen. Reuven Carlyle (D-Seattle), would establish a cap-and-invest program in Washington state which places an economy wide charge on carbon emissions in an effort to reduce carbon over time. Those who are regulated entities either need to reduce carbon emissions or pay a fee. Unlike a Low Carbon Fuel Standard, this policy raises direct revenue for projects in the state's transportation budget (that must be tied to decarbonization). Examples of projects that could be funded from this pot of money include electric ferries, transit, and various multimodal projects. The Governor [vetoed](#) provisions of the bill linking the implementation of the low carbon fuel standard to the development of a transportation revenue package. This controversial veto is likely to be challenged legally. The final bill can be found [here](#) and a summary can be found [here](#).

***Phase-out of Hydrofluorocarbons (HFCs):*** [House Bill 1050](#), sponsored by Rep. Joe Fitzgibbon (D-West Seattle), authorizes the Department of Ecology to strengthen

standards to phase out hydrofluorocarbons (HFCs), which are industrial chemicals primarily used for cooling and refrigeration. Ecology is tasked with providing recommendations to the Legislature by December 1, 2021, regarding the design of the program and to address end-of-life management and disposal of refrigerants. The final bill can be found [here](#), and a summary can be found [here](#).

*Electric Vehicle Forecasting:* [House Bill 1287](#), sponsored by Rep. Alex Ramel (D - Bellingham), will require the Department of Transportation to develop and maintain a publicly available mapping and forecasting tool to support electric vehicle adoption and requires the state building code council to adopt rules to require electric vehicle charging capability in certain, new, residential buildings. Notably, the bill also contains provisions that tie electric vehicle goals to a road usage charge. The Governor [vetoed](#) provisions of the bill that would require that all publicly and privately owned passenger vehicles of a model year 2030 or later that are sold, purchased, or registered in Washington be electric *if* 75% of the registered vehicles in the state are participating in a road usage charge. The final bill can be found [here](#), and a summary can be found [here](#).

*Environmental Justice Task Force Recommendations:* [Senate Bill 5141](#), sponsored by Senator Rebecca Saldaña (D- Seattle), implements several of the state's Environmental Justice Task Force's recommendations including, codifying the definition of environmental justice and requiring state agencies to incorporate environmental justice principles when implementing policies and programs. The final bill can be found [here](#) and a summary can be found [here](#).

*Minimum Recycled Content and Expanded Polystyrene Ban:* [Senate Bill 5022](#), sponsored by Sen. Mona Das (D-Kent), will establish a minimum recycled content for certain plastic containers (beverage, household cleaning, and personal care products) and plastic trash bags, bans certain expanded polystyrene products, and requires certain foodservice items (utensils, straws, condiments, and beverage cup lids) to be made available only by request. The final bill can be found [here](#) and a summary can be found [here](#).

**Social and Criminal Justice Reform:** Redmond adopted a legislative priority expressing support for statewide reforms to policing and corrections that are timely, reasonable, effective, and provide greater safety for communities that historically have been harmed by existing systems while maintaining public safety. Below are notable budget appropriations and bills that passed the legislature pertaining to social and criminal justice reform:

*Funding to Cities for Implementation:* Cities are allocated \$20 million on a one-time basis, distributed based on population for costs to cities related to police reform bills passed in 2020-21.

*Office of Independent Investigations:* [House Bill 1267](#), would establish the Office of Independent Investigations within the Office of the Governor for conducting fair and

competent investigations of police use of force incidents. The Office has jurisdiction to investigate any incident involving a use of deadly force by an involved officer occurring after July 1, 2022, including any incident involving use of deadly force by an involved officer against or upon a person who is in-custody or out-of-custody. The Office may investigate prior incidents if new evidence is brought forth that was not included in the initial investigation. An involved law enforcement agency must notify the Office immediately upon rendering the scene safe and providing aid to those with life-threatening injuries of any incident involving a use of deadly force resulting in death, substantial bodily harm, or great bodily harm. The Office may investigate any incident it selects for investigation and must complete its investigation within 120 days. An 11-member Advisory Board will oversee the Office. \$22.1 million is included in the budget to implement the bill. The final bill can be found [here](#) and a summary can be found [here](#).

*Audits of Use of Force Investigations:* [House Bill 1089](#), sponsored by Rep. Bill Ramos (D-Issaquah), will establish compliance audits of law enforcement agencies through the State Auditor's Office (SAO). The SAO is required to conduct a process compliance audit of any completed deadly force investigation to determine whether the involved law enforcement agency, investigative body, and prosecutor's office acted in compliance with specific statutory and administrative rules for conducting deadly force investigations. Upon the request of the Commission, the SAO may audit any law enforcement agency to ensure the agency is in compliance with all rules and procedures governing the training and certification of the agency's peace officers. A copy of the audit must be sent to the Commission, law enforcement agency, city or county council, county prosecutor, and relevant committees of the Legislature. Law enforcement agencies do not pay any costs or fees for either type of audit. The final bill can be found [here](#) and a summary can be found [here](#).

*Impeachment Disclosures:* [House Bill 1088](#), sponsored by Rep. John Lovick (D-Mill Creek), would update policies and procedures for addressing potential impeachment disclosures in law enforcement pursuant to *Brady v. Maryland*. Each county prosecutor must develop and adopt written protocols to address potential impeachment disclosures. The Criminal Justice Training Commission (CJTC) must provide online training for potential impeachment disclosures. Law enforcement agencies shall report to prosecuting authorities within 10 days of discovery, any act that could potentially be exculpatory to a criminal defendant. Prior to hiring an officer, an agency must inquire whether the officer has previous impeachment disclosures (prosecuting authorities have 10 days to response to a request from any agency regarding hiring an officer). Additionally, it establishes limited immunity from civil liability for a public agency, official, or employee who shares impeachment information about an officer with a prosecuting authority, the officer's employer, or potential employer. The final version of the bill can be found [here](#) and a summary can be found [here](#). The budget allocates \$62,000 to the CJTC to implement the bill.

*Data Collection:* [Senate Bill 5259](#), sponsored by T'wina Nobles (D-Fircrest), directs the Office of Attorney General to establish an advisory group to assist with the design, development, and implementation of a statewide use of force data program. The Advisory Group should submit recommendation by April 1, 2022. In the meantime, law enforcement agencies are required to report on a delineated list of use of force



instances. The 2021-23 Operating Budget allocates \$5.8 million to implement the bill. The final bill can be found [here](#) and a summary can be found [here](#).

*Law Enforcement Recruitment:* [House Bill 1001](#), sponsored by Rep.

Jacquelin Maycumber (R-Republic), will create a law enforcement professional development outreach grant program through the Criminal Justice Training Commission (CJTC) to encourage a broader diversity of candidates from underrepresented groups and communities to see careers in law enforcement. Law enforcement agencies are eligible to compete for funds no later than December 1, 2021; no single grant may exceed \$60,000. There must be one grant recipient from each side of the state. CJTC is required to produce a report by December 1, 2022 on the grant recipients, use of funds, and potential impact on recruitment. The final 2021-23 Operating Budget (p.235) allocates \$530,000 to CJTC for this grant program (\$269,000 in 2022, and \$261,000 in 2023). The final bill can be found [here](#), and a summary can be found [here](#).

*Arbiter Selection:* [Senate Bill 5055](#), sponsored by Sen. Joe Nguyen (D-Seattle), establishes an arbiter selection procedure for grievance arbitrations involving law enforcement personnel regarding disciplinary actions, discharges, and terminations on or after January 1, 2022. The Public Employment Relations Commission (PERC) would manage a roster of 9-18 specialized law enforcement grievance arbitrators with training in resolving police discipline disputes. PERC's executive director assigns an arbiter, or a panel of arbiters, to grievance arbitrations in alphabetical order on a rotating basis. The parties to the arbitration may not participate in, negotiate for, or agree to the selection of a particular arbiter. PERC is required to publish the final decisions on its website. The final bill can be found [here](#), and a summary can be found [here](#).

*Reforming the "Felony Bar" Statute:* [Senate Bill 5263](#), sponsored by Sen. David Frockt (D-Seattle), amends the "felony bar" statute that bans a person who sustains injury or death while committing a felony from being able to bring a civil action. The bill states that in actions arising out of law enforcement activities resulting in personal injury or death, the law enforcement officer has a complete defense to the action if a finder of fact (a jury rather than a judge) determines beyond a reasonable doubt that the person injured or killed was engaged in the commission of a felony at the time of the occurrence causing the injury or death, the commission of which was a proximate cause of the injury or death. If this defense is brought forward, it cannot be done on summary judgment. However, this defense does not affect the right to bring a lawsuit under the federal Civil Rights Act of 1983. The final bill can be found [here](#), and a summary can be found [here](#).

*Changes in Police Tactics:* [House Bill 1054](#), sponsored by Rep. Jesse Johnson (D-Federal Way) makes changes to the various police tactics that peace officers may utilize. The final bill can be found [here](#) and a summary can be found [here](#).

Neck Restraints and Chokeholds: A peace officer may not use a chokehold or neck restraint on another person.

Military Equipment and Military Surplus Program: A law enforcement agency may not acquire or use any military equipment, including firearms and ammunition of .50 caliber or greater, machine guns, armed helicopters, armed or armored drones, armed vessels, armed vehicles, armed aircraft, tanks, long range acoustic hailing

devices, rockets, rocket launchers, bayonets, explosive grenades, incendiary grenades, missiles, directed energy systems, and electromagnetic spectrum weapons. Each law enforcement agency must compile an inventory of military equipment possessed by the agency, including the proposed use of the equipment, estimated number of times the equipment has been used in the prior year, and whether such use is necessary for the operating and safety of the agency or some other public safety purpose. The agency must provide the inventory to the Washington Association of Sheriffs and Police Chiefs by November 1, 2021. The Washington Association of Sheriffs and Police Chiefs must summarize the inventory information from each law enforcement agency and provide a report to the Governor and the Legislature by December 31, 2021. Any law enforcement agency in possession of military equipment must return the equipment to the federal agency from which it was acquired, if applicable, or destroy the equipment by December 31, 2022. However, the restrictions on military equipment do not prohibit a law enforcement agency from participating in a federal military equipment surplus program, provided that any equipment acquired through the program does not constitute military equipment.

Tear gas: A law enforcement agency may not use or authorize its peace officers or other employees to use tear gas unless necessary to alleviate a present risk of serious harm posed by a riot, barricaded subject, or hostage situation. Prior to deploying tear gas, the officer or employee must: exhaust alternatives to the use of tear gas that are available and appropriate under the circumstances; obtain authorization to use tear gas from a supervising officer; announce the intent to use tear gas; and allow sufficient time and space for the subject or subjects to comply. In addition, if the riot is occurring outside of a correctional, jail, or detention facility, the officer or employee may use tear gas only after receiving authorization from the highest elected official in the jurisdiction.

Vehicular Pursuits: A peace officer may not engage in a vehicular pursuit, unless: there is probable cause to believe that a person in the vehicle has committed or is committing a violent offense, sex offense or an escape offense, or there is reasonable suspicion that a person in the vehicle has committed or is committing a driving under the influence offense; the pursuit is necessary for the purpose of identifying or apprehending the person; and the person poses an imminent threat to the safety of others and the safety risks of failing to apprehend or identify the person are considered to be greater than the safety risks associated with the vehicular pursuit under the circumstances. An officer must receive authorization to engage in any vehicular pursuit from a supervising officer.

Firing upon Vehicles: A peace officer may not fire a weapon upon a moving vehicle unless necessary to protect against an imminent threat of serious physical harm resulting from the operator's or a passenger's use of a deadly weapon.

No-Knock Warrants: An officer may not seek, and a court may not issue, a search or arrest warrant granting an express exception to the "knock and announce" rule.



**Identification:** Law enforcement agencies must adopt policies and procedures to ensure that uniformed peace officers while on duty and in the performance of their official duties are reasonably identifiable.

**Canine Teams:** The CJTC must convene a work group to develop a model policy for the training and use of canine teams. The CJTC must publish the model policy on its website by January 1, 2022.

***Civil Use of Force Standard:*** [House Bill 1310](#), sponsored by Rep. Jesse Johnson (D–Federal Way), establishes civil standards for use of force by a peace officer. When using physical force, peace officers must use the least amount of physical force necessary and use the least amount of force possible to affect a lawful purpose. Additionally, it requires the attorney general to develop model policies on law enforcement's use of force and de-escalation tactics and requires individual law enforcement agencies to adopt policies consistent with the model policies. The final bill can be found [here](#) and a summary can be found [here](#). The budget allocates \$605,000 to develop a use of force model policy as described in the bill.

***Duty to Intervene:*** [Senate Bill 5066](#), sponsored by Sen. Manka Dhingra (D-Redmond), would create a duty for all peace officers to intervene if another officer is engaging in excessive use of force against another person. The Criminal Justice Training Commission is the primary entity responsible for developing model policy on duty to intervene. The bill also contains provisions to prohibit retaliation. The final bill can be found [here](#) and a summary can be found [here](#). \$920,000 in the budget is appropriated to the CJTC to implement the bill.

***Decertification of Officers for Misconduct:*** [Senate Bill 5051](#), sponsored by Sen. Jamie Pederson (D-Seattle), would expand background investigations for of law enforcement applicants and creates a new process to decertify peace and corrections officers through the Criminal Justice Training Center (CJTC). Notable provisions include: requiring employing agencies to complete—rather than only conduct—an investigation when there is an indication that an officer was laid off pending a disciplinary investigation or resigned or retired in anticipation of discipline that would likely lead to suspension or discharge; requires the CJTC, in collaboration with interested parties, to develop a set of policies, procedures, and rules by June 30, 2022, to ensure that the goals of the act are fully implemented, and to provide clarity as to how the CJTC will process complaints, investigations, and hearings, and impose sanctions; and modifies background check requirements to include a review of social media accounts and membership in extremist organizations as defined by the CJTC. The final bill can be found [here](#) and a summary can be found [here](#).

***Fiscal Sustainability:*** City fiscal sustainability has been a Redmond legislative priority for several years. The City encourages the state to identify reforms to the tax system that provide a progressive, equitable, stable, and reliable revenue source to meet the needs of state and local government. The City also asks that the state protect and enhance state-shared revenues, authorize flexibility with existing revenues, and provide

revenue replacement to help cities balance significant budget shortfalls resulting from the COVID-19 pandemic. Below are notable actions on fiscal sustainability this session.

*State-shared Revenues:* All traditional state-shared revenue accounts were funded (liquor profits, liquor taxes, cannabis revenue, municipal criminal justice assistance, city-county assistance, fire insurance premium tax, etc.). Additionally, there was an increase in state-shared revenues in two accounts:

- Cannabis revenue sharing was increased by \$10 million, bringing the amount cities and counties share up to \$40 million. This additional \$10 million will be distributed by the same criteria as existing revenues.
- New city assistance funds of \$20 million are appropriated to be distributed on a per capita basis to cover the costs of police reform legislation.

*Revenue Replacement:* A priority for the City was to ask the state to provide funding to assist in the recovery of costs associated with COVID-19. Notably, during the 2021 Legislative Session the American Rescue Plan passed congress which will provide more than \$1.1 billion in federal funding directly to Washington Cities and over \$10 million to the City of Redmond. A comprehensive overview from AWC can be found [here](#).

*Fiscal Flexibility:* [House Bill 1069](#), sponsored by Rep. Gerry Pollet (D-Seattle), provides cities with the option to temporarily have more flexibility in the use of existing revenues. This bill allows criminal justice sales tax dollars to be used toward reducing homelessness or improving behavioral health; allows REET 2 to be used toward the provision of services to residents of affordable housing or shelters, allows up to \$100k or 35% of REET 2 funds to be used for operations and maintenance of existing capital projects; removes supplanting limitations on voter-approved levies that are adopted in 2019; provides flexibility for use of lien authority for collection on city-owned utilities, and allows mental health and chemical dependency sales tax revenues collected by cities to spent on minor improvements to protect health and safety. Most of these provisions would end on December 31, 2023. The final bill can be found [here](#) and a summary can be found [here](#). The Governor [vetoed](#) a section that was requested by Department of Revenue clarifying how lodging taxes are applied to vacation rentals because the same statute was amended in another bill.

*1% Property Tax Cap:* year. The City has long supported efforts lifting the 1% cap on property tax increases and other actions to create a sustainable fiscal structure for cities. While legislation ([House Bill 1362](#)), was introduced by Rep. Davina Duerr (D-Bothell), the bill had a hearing in the House Finance Committee and did not otherwise advance.

*Capital Gains Tax:* Similarly, the state has explored more sustainable revenue streams. This session, the Legislature enacted [Senate Bill 5096](#), sponsored by Sen. June Robinson (D-Everett), which establishes a 7% tax on capital gains that exceed \$250,000 in a given year (earnings from retirement accounts and home sales would be

exempt). Under the legislation, \$350 million per year of capital gains tax revenue would be reserved for investments in early education programs, and the remainder of the revenue, an estimated \$200 million, would go into a new taxpayer relief fund. The bill contains language that prevents a referendum on the bill. It will likely be challenged and determined by the court whether it is constitutional. The final bill can be found [here](#) and a summary can be found [here](#).

***Working Families Tax Credit:*** In an effort to create a more equitable tax system, the Legislature also enacted the Working Families Tax Credit. [House Bill 1297](#) sponsored by Rep. My-Linh Thai (D-Bellevue) will implement the Working Families Tax Credit which was established several years ago but never funded. The Department of Revenue will administer the program, which is set to begin in 2023, and will provide a cash benefits to approximately 400,000 Washington residents. The amount will be based on household and income level and ranges from a onetime amount of \$300-\$1200. The final bill can be found [here](#) and a summary can be found [here](#).

***Local Control:*** There were several bills that would have preempted local control over land use planning, the siting of telecommunications facilities, and more. Fortunately, the Legislature chose not to advance the bulk of these proposals. There are, however, two proposals that impeded on local control at some level. When it is evident that a bill is going to advance that impedes local control, we advocate to retain as much local control as possible. Both cases below reflect significant compromise with bill proponents:

***Regulation of Number of Unrelated Persons per Home:*** [Senate Bill 5235](#), sponsored by Sen. Marko Liias (D-Lynnwood), will change cities' authority to limit the number of unrelated persons living in a home. Cities may now only limit the number of unrelated persons living in a home based on square footage and health and safety regulations. Many cities will need to update local codes to comply with this section of the bill.

The Governor [vetoed](#) sections of the bill that would have limited cities' ability to have an owner-occupancy requirement. As the bill passed the Legislature, cities would only be able to require that a dwelling on the property be owner-occupied if 1) the ADU is used as a short-term rental; 2) for one year after an ADU is constructed; 3) if the city adopts an ordinance responding to community feedback requesting an owner-occupancy requirement; and that requirement cannot be the entirety of the city. If a city has an owner-occupancy requirement, they must continue to offer a hardship exemption when the owner no longer occupies the primary residence due to age, illness, financial hardship due to the death of a spouse, domestic partner, or co-owner of the property, disability status, the deployment, activation, mobilization, or temporary duty, as those terms are defined in RCW 26.09.004, of a service member of the armed forces, or other such reason that would make the owner-occupancy requirement an undue hardship on the owner. The Governor vetoed these sections of the bill, finding them problematic to jurisdictions that want to expand the use of accessory dwelling units. The effect of the vetoed sections means there is no limitation on owner-occupancy requirements. Sightline, the Master Builders Association, and AARP requested that these sections be vetoed.

*Development Regulations for Shelters and Housing:* [House Bill 1220](#), sponsored by Rep. Strom Peterson (D-Edmonds), updates the GMA to include planning for and accommodating affordable housing and also includes language preempting local control on the siting of certain types of housing. The bill requires jurisdictions to amend the housing element of the GMA comprehensive plan. However, the bill contains language that states that any new requirements to incorporate any such new or amended elements shall be null and void until funds sufficient to cover applicable local government costs are appropriated and distributed by the state at least two years before local government must update comprehensive plans as required in RCW 36.70A.130. The Legislature did not appropriate funds within the 2021-23 Operating Budget for local governments to perform this work, meaning jurisdictions do not need to perform this work currently. The Legislature is likely to consider funding this work during the 2022 legislative session as part of its supplemental budget.

The bill also includes language preempting local control on the siting of certain types of housing. Cities must allow transitional housing and permanent supportive housing in any zone where residential units or hotels are allowed. Indoor emergency shelter and emergency housing must be allowed in any zones where hotels are allowed or in a majority of zones within a one-mile proximity to transit. Cities retain the authority to require reasonable occupancy, spacing, and intensity of use requirements to protect health and safety. The Governor vetoed sections of the bill that would have encouraged jurisdictions to allow accessory dwelling units both within and outside urban growth areas.

### **Redmond Support/Oppose Issues**

In addition to the City's top legislative priorities, the City identified several issues that it would also support, oppose, and monitor throughout the legislative process. Below are notable budget appropriations and bills:

#### **General Government**

*Public Records Act (PRA):* There were no notable actions on the Public Records Act during the 2021 Legislative Session.

*Open Public Meetings Act (OPMA) Proposal:* Two bills were introduced during the 2021 Legislative Session aimed at updating the Open Public Meetings Act (OPMA). Both proposals passed the House but failed to pass the Senate. Next year, the following bills will start out in the House Rules Committee:

- o [House Bill 1056](#), sponsored by Rep. Gerry Pollet (D-Seattle), would allow local governments to hold virtual meetings during any emergency where it is reasonably unsafe to meet in-person (e.g. current pandemic, or a snowstorm), without having to wait for the Governor to make a proclamation and/or for the proclamation to be continuously extended by the Legislature. The bill does not allow for an in-person meeting option when the Governor has ordered otherwise; only the reverse – a virtual meeting when the Governor has NOT issued a proclamation specifically authorizing a virtual format. The last version of the bill

can be found [here](#) and a summary can be found [here](#).

- o [House Bill 1329](#), sponsored by Rep. Emily Wicks (D-Everett), as amended, encourages, rather than requires, remote access and recording of all meetings. The bill does require local governments to provide an opportunity for written or oral public comment at every regular meeting where final action is taken and would require, upon request of an individual, to provide an opportunity for remote oral comment for that individual when feasible. The last version of the bill can be found [here](#) and a summary can be found [here](#).

*FEMA Reimbursement:* Prior to the beginning of the legislative session, the City was concerned that the state would alter the FEMA reimbursement percentage. On January 21, President Biden issued an executive order that directed FEMA to fully reimburse state and local governments for previously approved costs related to COVID-19 – a City that otherwise paid the local cost-sharing contribution is eligible for full reimbursement under this executive order. This executive order rendered any state legislative action unnecessary.

### **Mental Health and Human Services**

*Moving to Community-Based Behavioral Health:* Several years ago, the state made the decision to move to a community-based behavioral health treatment system that integrates related health care services in treating patients. The state continues to fund this approach, making several operating and capital investments:

- \$138.6 million to continue to implement the community-based behavioral health treatment system.
- \$71.4 million for community-based behavioral health services facilities competitive grant program, including:
  - o \$11.6 million for six enhanced, long-term placement facilities
  - o \$10 million for enhanced, long-term placement residential care facilities for adults with dementia
  - o \$2 million for one withdrawal management and stabilization facility
  - o \$2 million for one crisis triage and stabilization facility
  - o \$12 million for two 16-bed crisis triage and stabilization facilities in King county
  - o \$2 million for two mental health peer respite centers
  - o \$18 million for developing bed capacity for 90-day or 180-day civil commitments
  - o \$2.4 million for behavioral grants to address regional needs
  - o \$9.4 million for three intensive, long-term placement behavioral health treatment centers

*Co-Responder/Mental Health Field Response Funding:* There are several pots of funding available for co-responder/diversion programs:

- Mental Health Field Response Grants: \$10 million, with \$7 million for *Trueblood* phase one and phase two regions.
- Law Enforcement Diversion Grants: ([HB 1767](#)) Previously, \$2.4 million was appropriated to the Washington Association of Sheriffs and Police Chiefs to implement a diversion grant program. This year, \$2 million was instead allocated to the Health Care Authority to implement a memorandum of understanding with the Criminal Justice Training Commission to provide funding for community grants.
- Behavioral Health & Suicide Prevention Grants: The Washington Association of Sheriffs and Police Chiefs was appropriated \$814,000 for three pilot programs.

*Funding for Opioid Epidemic/Substance Abuse Treatment*: In the middle of the legislative session, the Washington State Supreme Court ruled in the *Blake* decision that the statute stating that the possession of controlled substances is illegal is unconstitutional. The Legislature responded by approving [Senate Bill 5476](#), which re-criminalized the possession of controlled substances, making it a misdemeanor rather than a felony until July 1, 2023. Notably, misdemeanors are handled through municipal/district court, rather than superior court. It is possible, if not likely, that there will be a shift in costs from superior court to municipal/district court. [Click here](#) to view AWC's summary of this issue.

For such violations, law enforcement officers can confiscate the controlled substances but must offer a referral to available assessment and services in lieu of jail booking and referral to the prosecutor. If law enforcement records indicate that a person has previously been diverted to referral for assessment and services at least twice, the officer may then arrest. Prosecutors are not precluded from exercising discretion to divert or decline to file charges when referred drug possession cases, and are encouraged to divert such cases for assessment, treatment, or other services. Unlike previous drafts, there are no provisions that contain legalized personal use amounts, nor a reduction from a misdemeanor to a civil infraction at a later date.

The Washington State Health Care Authority (HCA) is charged with establishing a recovery services advisory committee to create a substance use recovery services plan. The purpose of the plan is to implement measures to assist those with a substance use disorder in accessing outreach, treatment, and recovery support services that are low-barrier, person-centered, informed by people with lived experience, and culturally and linguistically appropriate. Additionally, the committee must make recommendations regarding the appropriate criminal legal system response, if any, to possession of controlled substances. It must also make recommendations regarding the collection and reporting of data that identifies the number of people law enforcement officers and prosecutors engage with regarding drug possession, and the design of a mechanism for referring people with a substance use disorder, or who display problematic behaviors resulting from substance use, to supportive services. A final plan is due to the Legislature by December 1, 2022.

The HCA will also establish several other plans and programs, including:



- A comprehensive statewide substance misuse prevention plan. As a part of this plan, the HCA must administer a competitive grant process for existing local community efforts to prevent substance misuse. The plan must be completed by January 1, 2024.
- A grant program to provide treatment for low-income individuals with substance use disorder who are not eligible for Medicaid. Grant distribution must begin by March 1, 2022.
- A grant-based homeless outreach stabilization transition program. Grant distribution must begin by March 1, 2022.
- Funding for behavioral health administration services organizations to establish recovery navigator programs. These programs will provide community-based outreach, intake, assessment, connection to services, and, as needed, long-term intensive case management and recovery coaching services to individuals with substance use disorders.
- An expanded recovery support services program that increases regional access to recovery services for substance use disorder such as housing, employment training, recovery coaching, and legal support.

By July 1, 2022, the Criminal Justice Training Commission must develop new training for law enforcement officers on how to manage interactions with people they encounter with substance use disorders, including referral to treatment and recovery services. The training will be incorporated into the curriculum at the Basic Law Enforcement Academy.

In addition to the \$83.5 million in the state's budget to help the state and counties manage the legal impacts of the *Blake* decision, **an additional** \$88.4 million is provided to help establish the new programs outlined above. Of that \$88.4 million, \$4.5 million will go to the Administrative Office of the Courts to help enhance municipal and district therapeutic courts. There are no direct appropriations to cities to offset the costs of diversion and prosecution. The final bill can be found [here](#) and a summary can be found [here](#).

### **Environment**

*Culvert, Fish & Habitat Funding:* The 2021 Legislature made significant investments in fish barrier removal, appropriating \$1.1 billion using a watershed approach which should support removal of state, but also local culverts. Additionally, \$26.8 million was appropriated to the Fish Barrier Removal Board to continue to identify projects and \$400,000 was provided to the Department of Fish and Wildlife to contract with AWC to inventory and assess city owned culverts.

*Stormwater Funding:* The 2021 Legislature appropriated \$75 million in stormwater assistance funds. This is \$25 million more than was appropriated last biennium.

### **Planning**

*Multifamily Property Tax Exemption:* [Senate Bill 5287](#), sponsored by Sen. Mona Das (D-Kent), makes changes to state law regarding the multifamily property tax exemption

program, and sunsets the entire program on December 31, 2026 – at which time, no new exemptions may be issued.

Under current law, jurisdictions may offer the multifamily property tax exemption for either 8-years for market-rate housing, or 12-years for low-income housing. The bill as approved by the Legislature allows local governments to extend existing 8-year and 12-year exemptions that are set to expire. If a project is in the final 18 months of expiration may apply to the local government that granted the initial exemption for an extension. The local government may grant an extension for 12-years, if locally adopted requirements affordability are met, and if the taxpayer commits to rent or sell 20% of the housing units to low-income households.

Once the extension is granted, an MFTE applicant must provide notice to tenants of rent-restricted units at the end of the 10<sup>th</sup> and 11<sup>th</sup> year of the 12-year exemption and must provide tenant relocation assistance equal to one month's rent at the time of the expiration. If a local ordinance requires affordability requirements to remain in place after the expiration of the exemption, relocation assistance must be provided at the time that any additional affordability requirements no longer apply.

To calculate median family income, city and metropolitan statistical area family median income may be used in addition to county family median income. References to high-cost areas are removed from the program. This will change how some jurisdictions calculate what qualifies as low-income in the program. An owner of a property receiving an exemption must file additional information with the city or county including unit size, annual income, and household size. All cities and counties that issue certificates of tax exemption must report annually by April 1st of each year. Reporting requirements expire January 1, 2058. A local jurisdiction may adopt a prevailing wage requirement or other additional contractual requirements.

The Department of Commerce must establish a program to audit or review that the owner or operator of each property receiving a tax exemption under the MFTE program is offering the number of units at rents as committed to in the approved application and that tenants are being properly screened to be qualified for income-restricted units. If a property is found to be out of compliance with program requirements, Commerce must notify the city or county and the city or county must impose a sliding scale penalty not to exceed an amount calculated by subtracting the amount of rents that would have been collected had the owner or operator complied with their commitments from the amount of rents that the owner or operator actually collected. A finding of continued noncompliance in a subsequent audit must result in cancellation of the exemption. Properties owned or operated by a nonprofit and properties receiving an exemption from a city or county that operates an independent audit or review program are not subject to the audit or review program administered by Commerce.

The bill also creates a new 20-year tax exemption is created for properties that sell or rent 25 percent of the units to non-profit organizations or local government partners that assure permanently affordable homeownership. Permanently affordable homeownership units must be sold to households earning no more than 80 percent of



the average median income for the city or local jurisdiction in which the unit is located. The final bill can be found [here](#) and a summary can be found [here](#).

**Early Learning Impact Fees:** [House Bill 1331](#), sponsored by Rep. Kirsten Harris-Talley (D-Seattle), allows a jurisdiction to exempt early learning facilities from impact fees without backfilling them with public funds in certain situations. A local government can exempt an early learning facility from up to 80 percent of impact fees without the local government being required to pay the impact fees from public funds other than impact fees. A local government can also exempt an early learning facility from 100 percent of impact fees without being required to pay the fee from public funds other than the impact fee account if the local government requires a developer to record a covenant requiring 25% of the children and families using the early learning facility qualify for state subsidized childcare. The bill also limits a local government from imposing an impact fee on an early learning facility that is greater than that imposed on a commercial retail or office development that generates a similar number, volume, type, and duration of vehicle trips. The final bill can be found [here](#) and a summary can be found [here](#).

**GMA Interim Work:** While the Legislature considered half a dozen bills reforming the Growth Management Act (GMA), those bills did not pass into law. Instead, the Operating Budget directs three interim actions to occur this next interim:

- In lieu of the passage of [House Bill 1117](#), the Office of Financial Management is directed to report to the Legislature on how to incorporate a net ecological grain standard into state land use, development, and environmental laws. A report is due by December 1, 2022 (page 81 of the 2021-23 Operating Budget).
- In lieu of the passage of [House Bill 1099](#), the Department of Commerce is directed to create optional model climate elements for cities to consider.
- The Department of Commerce is directed to convene a task force to make recommendations regarding needed reforms to the state growth policy framework, including the growth management act, state environmental policy act, and other statutes related to growth, change, economic development, housing, social equity, and environmental conservation (page 64 of the 2021-23 Operating Budget).

## **Infrastructure**

**Public Works Assistance Account (PWAA):** The Public Works Assistance Account was appropriated \$129 million, which is the largest amount appropriated to the Account in recent history.

**Preservation & Maintenance of Local Roads:** The need for state and local preservation and maintenance was a significant topic of conversation during the 2021 Legislative Session. Cities will continue to advocate that any future transportation revenue package includes additional funding and tools to support this growing problem. Additionally, the 2021 Legislature appropriated \$224 million to the Transportation Improvement Board (TIB).

*Park & Recreation Funding:* The 2021 Legislature appropriated \$100 million to Washington Wildlife and Recreation Program (WWRP), and \$11.2 million to Youth Athletic Facilities.

*Alternative Public Works Contracting:* [Senate Bill 5032](#), sponsored by Sen. Bob Hasegawa (D-Seattle), reauthorizes alternative public works contracting procedures for another ten years. Additionally, the Capital Projects Advisory Review Board (CPARB)'s member is modified to add members. CPARB is tasked with developing and recommending to the Legislature policies to encourage competition and further enhance equitable participation in disadvantaged business enterprises in capital construction. Design-build is authorized for parking garages and pre-engineered metal buildings. Changes are made to general contractor/construction manager (GM/CM) contracting and job order contracting. Once signed, the bill will become effective immediately. The final bill can be found [here](#) and a summary can be found [here](#).

### **Public Safety**

*Basic Law Enforcement Academy (BLEA) Funding:* BLEA is Washington's mandated training academy for all city and county entry-level peace officers in the state. Currently, BLEA has enough funding to provide 10 classes per year, serving 300 students. \$3 million is appropriated to the Criminal Justice Training Commission for five additional BLEA classes in 2022 and 2023. A total of 15 classes per year will be held which will provide training to an additional 150 students annually.

*Other Bills of Interest:*

**Childcare Affordability:** [Senate Bill 5237](#), "[The Fair Start for Kids Act](#)," aims to make child care more affordable for families, stabilize and expand the diverse child care workforce, support the expansion of child care, and strengthen prevention and intervention services. The final bill can be found [here](#) and a summary can be found [here](#). \$298 million in state and federal funds were allocated to fund this account.

## **Redmond Supports the Association of Washington Cities and Sound Cities Association**

Redmond closely coordinates with the Association of Washington Cities on legislative efforts. To review legislative materials from the Association of Washington Cities regarding the 2021 Legislative Session, please utilize the links below:

- [AWC End of Session Webinar](#)
- [AWC End of Session PowerPoint](#)

- [AWC Budget Matrix](#)
- [AWC Legislative Priorities & Outcomes](#)



## Memorandum

**Date:** 6/8/2021  
**Meeting of:** City Council Study Session

**File No.** SS 21-045  
**Type:** Study Session

**TO:** Members of the City Council  
**FROM:** Mayor Angela Birney  
**DEPARTMENT DIRECTOR CONTACT(S):**

Public Works	Dave Juarez	425-556-2733
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**DEPARTMENT STAFF:**

Public Works	Jon Spangler	Construction Division Manager
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**TITLE:**

CIP Proviso Final Report

**OVERVIEW STATEMENT:**

The CIP Proviso was approved by the City Council as part of the 2021-2022 budget process. The Proviso identified that a Final report be prepared and submitted to City Council by 7/1/21. The Final report is to address the elements of the Proviso.

☒ **Additional Background Information/Description of Proposal Attached**

**REQUESTED ACTION:**

☐ **Receive Information**      ☒ **Provide Direction**      ☐ **Approve**

**REQUEST RATIONALE:**

- **Relevant Plans/Policies:**  
Budget
- **Required:**  
N/A
- **Council Request:**  
12/10/20
- **Other Key Facts:**  
N/A

**OUTCOMES:**

CIP Proviso Final Report

**COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:**

- **Timeline (previous or planned):**  
N/A
- **Outreach Methods and Results:**  
N/A
- **Feedback Summary:**  
N/A

**BUDGET IMPACT:**

**Total Cost:**

No cost to proposal

**Approved in current biennial budget:** ☒ Yes ☐ No ☐ N/A

**Budget Offer Number:**

CIP

**Budget Priority:**

N/A

**Other budget impacts or additional costs:** ☐ Yes ☒ No ☐ N/A

*If yes, explain:*

N/A

**Funding source(s):**

CIP

**Budget/Funding Constraints:**

N/A

☐ Additional budget details attached

**COUNCIL REVIEW:**

**Previous Contact(s)**

Date	Meeting	Requested Action
12/10/2020	Special Meeting	N/A
3/23/2021	Study Session	Receive Information
4/6/2021	Business Meeting	Approve

**Proposed Upcoming Contact(s)**

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**Date:** 6/8/2021  
**Meeting of:** City Council Study Session

**File No.** SS 21-045  
**Type:** Study Session

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Date	Meeting	Requested Action
7/6/2021	Business Meeting	Approve

**Time Constraints:**

Council set deadline of 7/1/21 for the CIP Proviso Final Report.

**ANTICIPATED RESULT IF NOT APPROVED:**

If Council does not accept report - revise per Council direction and resubmit

**ATTACHMENTS:**

Attachment A: CIP Proviso Final Report

Attachment B: CIP Proviso PowerPoint Presentation

# 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:

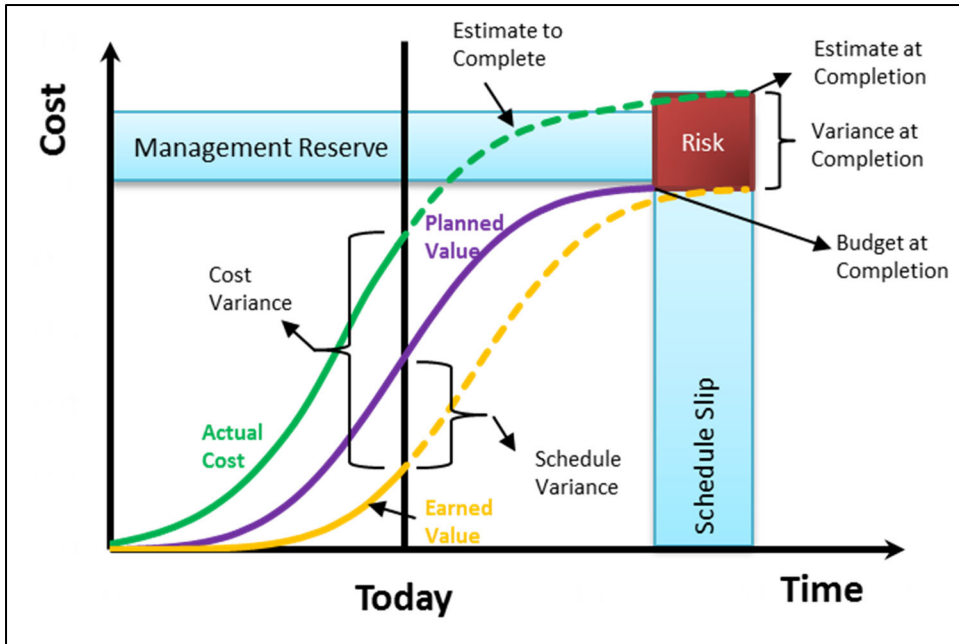
1. Enhance process documentation and formalize contingency review at baseline and award.
2. Formalize management reserve policy.

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 31<sup>st</sup>, 2021 will provide a summary description of the progress through March 1<sup>st</sup>, 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 31<sup>st</sup>, 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 1<sup>st</sup>, 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 1<sup>st</sup>, 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 (90<sup>th</sup> 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. Baseline 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 31<sup>st</sup>, 2021 will provide a summary description of the progress through March 1<sup>st</sup>, 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 31<sup>st</sup>, 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 1<sup>st</sup>, 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 1<sup>st</sup>, 2021.

# Appendix B

## Attachments

CIP Definitions

CIP Project Phases and Definitions

Sample Bar Chart

Risk Management Plan

CIS Process

Sample Business Case

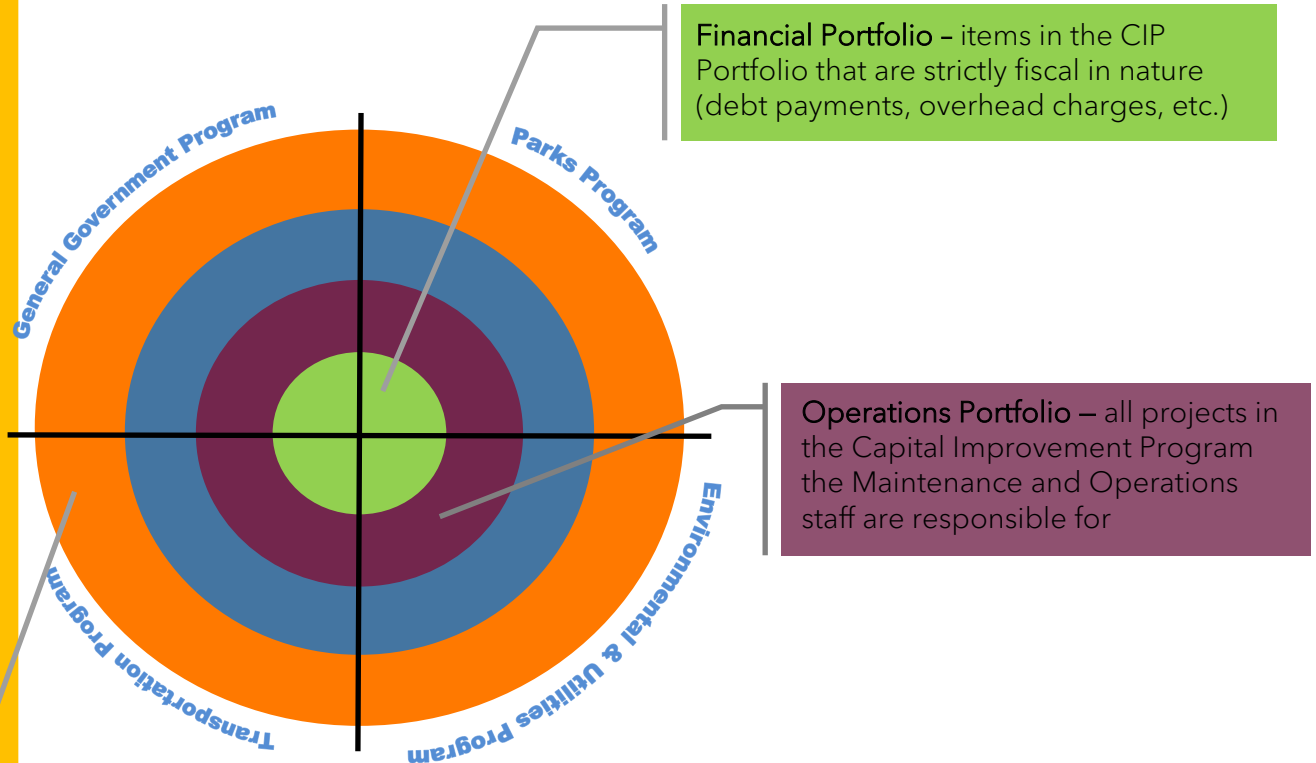
## **CIP Definitions**

# CIP Program & Portfolios

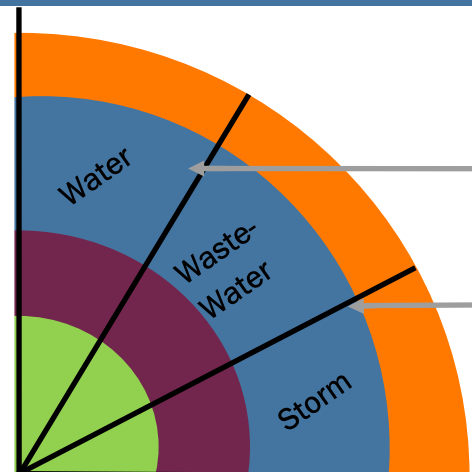
## CIP Project and Portfolio Definitions

**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 the their respective program area and for supporting the entire CIP Portfolio
- Project Manager** - Construction Division Engineer assigned to lead the project through design and construction
- Functional Area**, the seven (7) main infrastructure types the City manages: water, wastewater, stormwater, facilities, traffic ops, transportation, and parks
- Functional Area Manager**, person with management responsibility over a functional area
- Functional Area Lead**, staff person assigned to be the functional area representative on the project responsible for project initiation/chartering and supporting the project team throughout the project

## Project Type

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

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

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

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

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

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

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

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





## Projects Phases & Stages

All active projects have four (4) distinct phases

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

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

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

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

Projects pass through multiple stages while in a project phase.

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

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

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

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

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

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

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

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

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

### CIP Project Milestones

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



02/18/21

## 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

<b>Acceptance</b>	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.
<b>Active Project</b>	A project that has been initiated and has not yet been accepted and/or is not on hold.
<b>Baseline</b>	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.
<b>Closed</b>	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.
<b>Inactive Project</b>	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.
<b>Initiation</b>	Initiation begins when a budget account number is established and the Project Manager begins the project charter process.
<b>Open Project</b>	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.
<b>Physical Completion</b>	Physical completion occurs when the contractor has completed all project work, including all punch list items.
<b>Substantial Completion</b>	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.
<b>Warranty</b>	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	

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
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	Apr-21	Apr-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	Apr-21	Apr-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	Mar-21	Apr-21	Apr-22														
Parks		James L	Quinn K.	John M.	Dave T.	Redmond Pool Rehabilitation (Phase 2)	2,774,271	2,755,276	Feb-19	Jun-19	Sep-19	Feb-20	May-20	Apr-21	May-21	May-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	Rich H	Rich H		Mike H.		Hypochlorite Generation Unit Replacement	507,700	507,700				Oct-20	Jan-21	May-21	Jun-21	Jun-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	Jun-21	Sep-21	Sep-22														
Wastewater	Goldman	Mike P	Scott T.	Mike H.	Scott T.	Pump Station 15 Abandonment (previously Replacement)	2,308,703	3,368,492	Jan-12	Jan-12	Mar-20	Feb-21	Mar-21	Jul-21	Aug-21	Aug-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	Aug-21	Oct-21	Oct-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	Jun-21	Aug-21	Oct-21	Oct-22														
Parks/Facilities	James L	James L	Tom L	Joe O.	Lee Ann S.	KCFD Seismic Repairs 14 & 18	4,178,215	4,075,224	Feb-18	May-18	Jul-19	Sep-20	Nov-20	Sep-21	Sep-21	Sep-22														
TOSE	Rich H	Rich H	Adnan S.	Aaron N.	Paul C	Retaining Walls - RedWay Rockery	1,628,505	1,504,067	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														
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	Pat G	Mike P	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														

## **Risk Management Plan**





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## Risk Management Plan Process

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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.

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### 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)

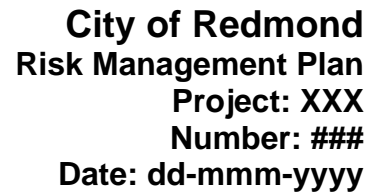
Identify date the risk or opportunity was added.

#### 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?”

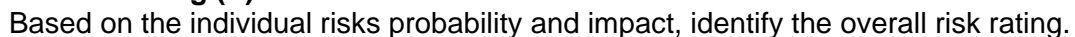
VH	Very High	80 - 99%
V	High	60 - 79%
M	Medium	40 - 59%
L	Low	20 - 39%
VL	Very Low	1 - 19%

#### 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)



### 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.



## **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><b>5</b> = Contract awarded and project under construction  <b>3</b> = Project in 30-100% design, approved business case  <b>1</b> = Project is in 2017-22 CIP and/or has completed Phase Gate 1 - been initiated, 0-30% design, alternatives analysis/business case completed  <b>0</b> = 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><b>5</b> = 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.  <b>3</b> = If not funded, project would lose less than 50% of its total project cost from outside funding sources.  <b>1</b> = Grants applied for.  <b>0</b> = 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><b>5</b> = The requested project is reflected in the 2017-18 Executive Summary Strategic Plan.  <b>3</b> = 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  <b>0</b> = 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><b>5</b> = Consequences of noncompliance are punitive  e.g. 95th Bridge may result in denial of future permits by WA Dept. of Fish and Wildlife  <b>1</b> = 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)  <b>0</b> = 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><b>5</b> = 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.  <b>3</b> = 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.  <b>1</b> = 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.  <b>0</b> = 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><b>5</b> = 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><b>3</b> = Asset is in poor condition. Significant maintenance or partial rehabilitation is required, and consequences are moderate if the asset fails.</p> <p><b>1</b> = 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><b>0</b> = 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><b>5</b> = Project's time-sensitive schedule is acknowledged by an actual or imminent funding agreement between the City and public or private parties.</p> <p><b>3</b> = Project's time-sensitive schedule is acknowledged by an actual or imminent funding agreement between the City and public or private parties.</p> <p><b>0</b> = 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 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.

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

☒ Yes      ☐ No. If Yes, explain.

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

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

Donald Cairns  
Functional Area Manager

12/27/2019  
Date

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

# City of Redmond

## Planning Level Opinion of Probable Costs

Roadway Cost Estimate



### Project Cost Summary

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

**Project ID:** 0

**Created By:** ECD

**Concept No.:** 0

**Date:** 1/20/2020

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



## Project Schedule

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

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

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



# CIP Business Case Rating Form

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

Functional Manager Don Cairns Title Trans Planning Mgr Ext. 2834

Functional Lead Peter Dane Title Senior Planner Ext. 2816

Department Planning

Functional Area(s) Transportation

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

Score	Category	Rating Guidance
0	I. Status of Project in Current 2017-22 CIP	5 Contract awarded & project under construction
		3 Project in 30-100% design, approved business case
		1 Project is in 2019-20 CIP and/or has been initiated, 0-30% design, alternatives analysis/business case completed
		0 Project is not included in current 2019-20 CIP
0	II. Impact to grant funding if investment is not included in 2019-24 CIP	5 Project already has some construction funding, and if not funded in the 2021-26 CIP, project would lose greater than 50% of its total project costs from outside funding sources.
		3 If not funded, project would lose less than 50% of its total project cost from outside funding sources.
		1 Grants applied for.
		0 No grants have been applied for.
5	III. Investment supports an initiative by an elected official	5 The requested project is reflected in the Oct 2019 <i>Community Strategic Plan</i> .
		3 Project is <b>not</b> in the <i>Community Strategic Plan</i> but <b>has been singled out</b> as a priority by Mayor or Council
		1 n/a
		0 Project is <b>not</b> 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 <b>substantially</b> 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 <b>actual or imminent funding agreement</b> 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](http://redmond.gov/TitleVI).

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

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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

Scope to Budget

Contract Award

Placeholder

Detailed Cost Estimate

No Estimate

CIS Estimate

Jun-21

Jul-21

Aug-21

This month

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"> <li>a. preserve or replace infrastructure to maintain its reliability,</li> <li>b. replaces outdated systems that are approaching the end of its useful life, or</li> <li>c. prevent the imminent loss of a major facility system or the structural failure of a facility</li> </ul> <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"> <li>a. provide safe and attractive places to recreate and connect with others in our neighborhoods,</li> <li>b. improve travel choices and mobility,</li> <li>c. increase neighborhood transportation connections,</li> <li>d. enhance Redmond's distinct places and character,</li> <li>e. likely support retention and attraction of businesses, employees and customers, or</li> <li>f. likely support an increase in the supply and diversity of housing in Redmond or on the Eastside</li> <li>g. address neighborhood level customer issues/complaints</li> </ul> <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"> <li>a. complete the infrastructure facilities and services needed for people who live, work, and visit these urban neighborhoods</li> <li>b. likely retain or attract residents, businesses, customers, visitors and/or development, or</li> <li>c. provide key opportunity projects that may become a catalyst for economic and community vitality</li> </ul> <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 &amp; 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"> <li>a. addresses a life-safety issue</li> <li>b. addresses current customer problems and issues that involve unsafe conditions</li> <li>c. has clear safety compliance ramifications, or</li> </ul>

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 <b>business case</b>. 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><b>5</b> = Contract awarded and project under construction</p> <p><b>3</b> = Project in 30-100% design, approved business case</p> <p><b>1</b> = Project is in 2019-20 CIP and/or has been initiated, 0-30% design, alternatives analysis/ business case completed</p> <p><b>0</b> = 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><b>5</b> = 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><b>3</b> = If not funded, project would lose less than 50% of its total project cost from outside funding sources.</p> <p><b>1</b> = Grants applied for.</p> <p><b>0</b> = 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><b>5</b> = The requested project is reflected in the Oct. 2019 <i>Community Strategic Plan</i>. <b>(new)</b></p> <p><b>3</b> = 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><b>0</b> = 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><b>5</b> = 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><b>1</b> = 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><b>0</b> = 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><b>5</b> = Project <b>substantially</b> 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><b>3</b> = 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><b>1</b> = 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><b>0</b> = 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><b>5</b> = 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><b>3</b> = Asset is in poor condition. <i>Significant</i> maintenance or partial rehabilitation is required, and consequences are moderate if the asset fails.</p> <p><b>1</b> = 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><b>0</b> = 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><b>5</b> = 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><b>3</b> = Contract is "in play" – preliminary stages of negotiation. <i>(new)</i></p> <p><b>0</b> = 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

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## 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.

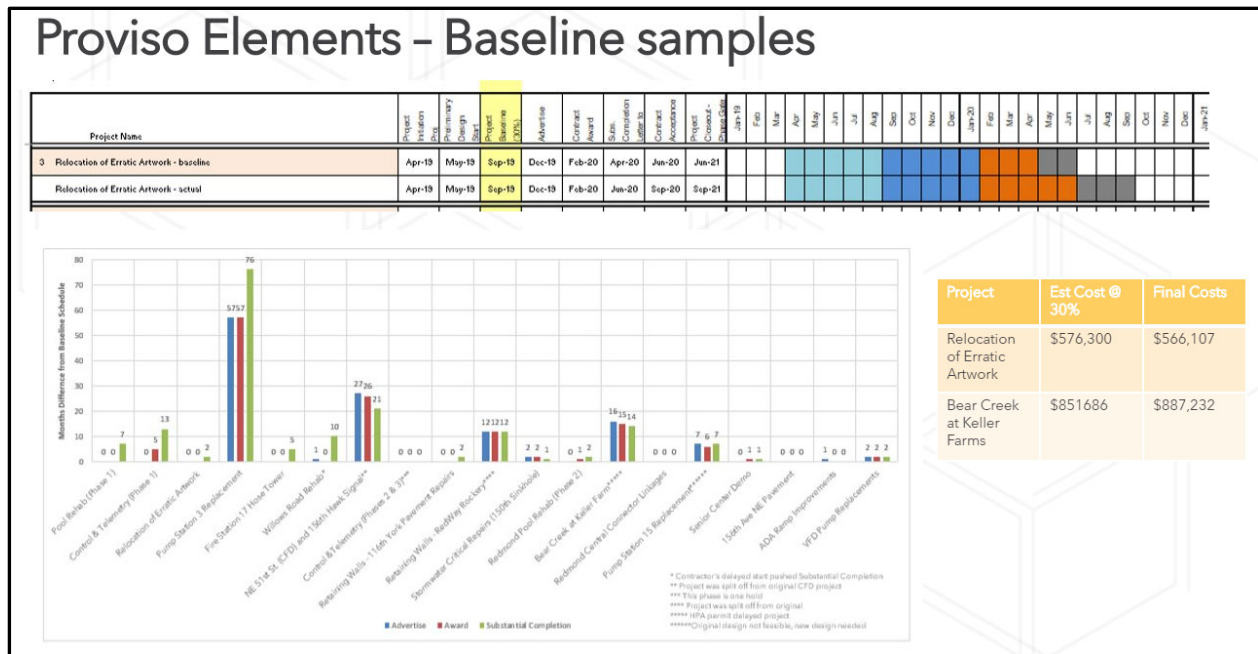
Once the baseline for a project is set, the project will be measured against that plan. For the schedule measure, the goal is to deliver the projects in the year indicated in the approved CIP. The Construction Division sets the project schedules to meet the delivery year, but also to manage staff workload, 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:





# **Appendix I**

## **Managing Process for Contingency**

## 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](http://redmond.gov/TitleVI).

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

# CIP Proviso – Final Report

June 8, 2021

Jon Spangler, Construction Division Manager, Public Works

Kelley Cochran, Interim Director of Finance



## Purpose

- Provide an overview of the capital project delivery process
  - Implementation
  - Management
  - Reporting
- Discuss the status of the CIP Proviso response and Final Report
- Next steps
  - Approval of the Proviso report tentatively scheduled for July 6



# Capital Project Delivery - Overview

## Implementation

- Authority
- Process

## Project Management

- Guidance
- Checklist

## Reporting

- Performance Management




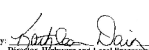


# Authorization for CIP Projects

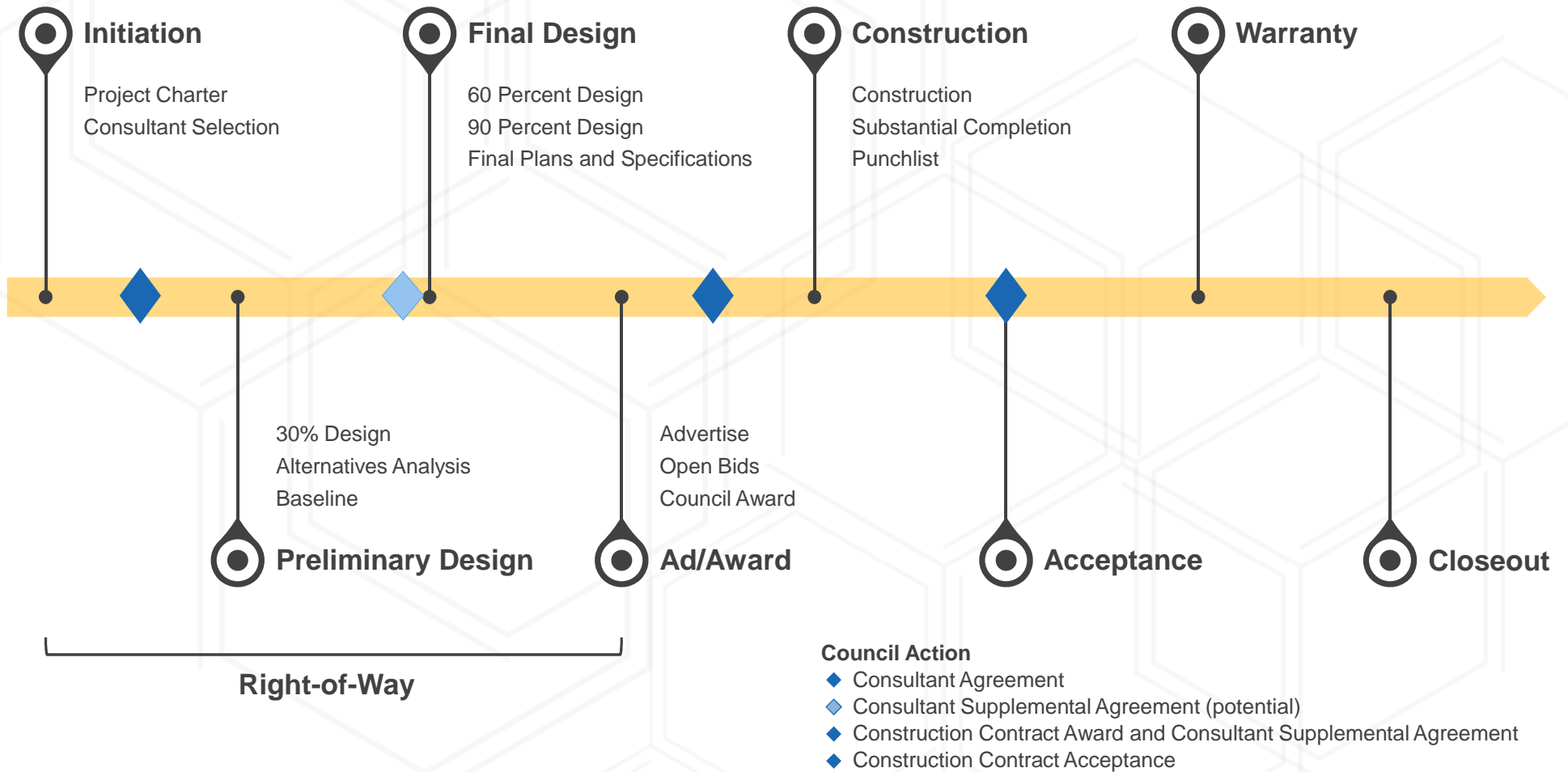
- [RCW 35.23.351](#) – Public Works Contracts
- [RCW 39](#) – Public Contracts and Indebtedness
  - [RCW 39.19](#) – Office of Minority and Women's Business Enterprises
- [WSDOT – Certification Acceptance Qualification](#)
- [City of Redmond Resolution 1503](#)
- Other statutes or governing authorities
  - WAC
  - FHWA

Certification Acceptance Qualification Agreement	
AGENCY City of Redmond	AGENCY NO. 1503
The agency agrees to comply with the following requirements when developing all Federal Highway Administration (FHWA) projects under Full CA status.	
1. Adherence to the Local Agency Guidelines and all policies and procedures promulgated by the Washington State Department of Transportation (WSDOT) which accomplish the policies and objectives set forth in Title 23, U.S. Code, Highways, and the regulations issued pursuant thereto.	
2. The overall approval authorities and conditions will be as follows:	
a.	The project prospectus will be reviewed and approved by the following official: City Engineer, Construction Engineer Position Title Only
b.	The local agency agreement will be reviewed and approved by the following official or officials: City Engineer/Mayor Position Title Only
c.	The design and environmental documents will be reviewed and approved by the following state of Washington registered Professional Civil Engineer: City Engineer Position Title Only
d.	The listing's findings (if required) will be reviewed and approved by the following official or officials: Public Works Director, Planning Director Position Title or Titles Only
e.	The contract plans, specifications and estimate of cost will be reviewed and approved by the following state of Washington registered Professional Engineer: City Engineer, Construction Engineer Position Title or Title Only
f.	Agreements will be signed by the following responsible local official:
(1) Railroad	City Engineer Position Title Only
(2) Utility	City Engineer Position Title Only
(3) Construction	Mayor Position Title Only
(4) Technical Services	City Engineer Position Title Only
g.	The award of contract will be signed by the following responsible local official: City Engineer Position Title Only
h. All projects will be constructed in conformance with the Washington State Department of Transportation/American Public Works Association (WSDOT/APWA) current Standard Specifications for Road, Bridge, and Airport Construction and such specifications that modify these specifications as appropriate. Multimodal enhancement projects shall be constructed in conformance with applicable state and local codes.	
Local Agency Guidelines September 2002	
1 of 2	

Certification	
1. The contract administration will be supervised by: City Engineer, Construction Engineer Position Title Only	
2. Construction administration and material sampling will be supervised by: WSDOT Construction Manual and the Local Agency Guidelines	
3. The agency agrees that they have the assets to provide the functions being delegated. The agency agrees to provide the assets to provide the functions being delegated.	
4. The agency agrees that the signature on each project will be as follows:	
5. All projects under Certification Acceptance shall be and all project documents shall be retained and used for a three year period following the completion of the project.	
6. Approval of the local agency certification by the WSDOT, in the opinion of the Assistant Secretary for Highways and Local Programs, it is necessary to do so. The revision may be applied to all or part of the program or projects approved in the local agency certification.	
 Mayor or Chairman Kenneth Lee, Mayor	
Date 1/8/03	
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION	
Approved by:  Director, Highways and Local Programs	
Date 8/10/03	
Local Agency Guidelines September 2002	
2 of 2	

# Process



# Guidance for CIP Projects

- [WSDOT Local Agency Guidelines \(LAG Manual\)](#)
  - Chapter 26 Disadvantaged Business Enterprises (DBE)
- [WSDOT Construction Manual](#)
  - SS 1-07.11 Requirements for Nondiscrimination
- [WSDOT Standard Specifications](#)
- [CFR](#) – Code of Federal Regulations
  - [49 CFR Part 26](#) – Administrative Requirement for DBE Programs for Federally Assisted Contracting
- [City of Redmond Purchasing Policies and Procedures](#)

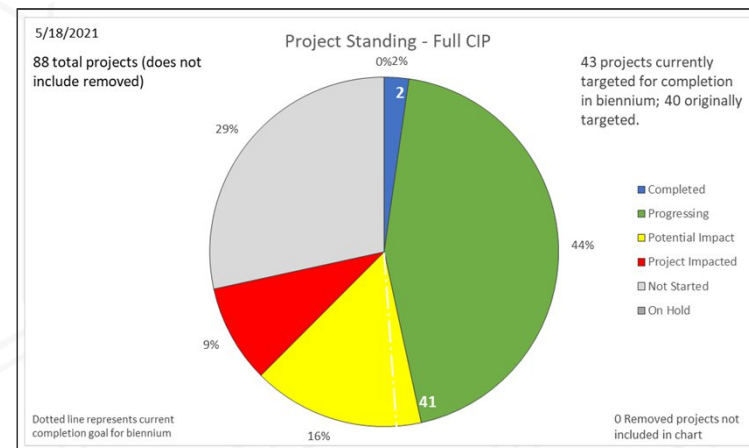
# Project Management Checklists

- Project Initiation
- Design and Development
- Ad and Award
- Pre-Construction
- Construction
- Closeout

DESIGN DEVELOPMENT CHECKLIST					
Revised: 4/9/2021					
Download and save a copy of this checklist in your project files, upload a copy onto your SharePoint site. Initial and date each item as it is completed.					
Date Completed	Initials	Task	Links/Tools	Responsibility (To be filled out by team)	Comments
		Develop Risk Matrix - Risk Management Plan	<a href="#">Risk Management Plan Development Instructions</a> <a href="#">Risk Management Matrix</a>		Use the Risk Management Matrix to develop a Risk Management Plan for projects with significant risk. Update the Matrix as need throughout the project. The plan may not be necessary for small projects that are low risk. Contact the Construction Division Manager for further information.
		Create Detailed Cost Estimate & Schedule, for Preferred Alternative	<a href="#">Detailed Project Cost Estimate</a>		If project is slipping, or there is a cost/scope change work with the Project Analyst to adjust contingencies as needed. PM may need to meeting with review team to discuss.
		Evaluate Budget and Adjust Contingency to Design Levels	<a href="#">Project Contingency Check-In</a> <a href="#">Contingency Guidelines</a>		Check with Func Area Mgr and Fund Analyst when making any changes to project contingency.
		30% Project Update Meeting and Project Handoff			Meet with City Project Team, City Stakeholders and Project Analyst. Update Charter as needed. If needed, check in with Committees (Tech, Public Works and Planning, Design Review Board), Commissions, or Council. Project can not be handed over to Construction/Engineering if Initiation Checklist is not complete and Design Checklist complete to this point.

# Performance Management

- Continuing monthly project reporting
- Expand project report to identify (red) projects and governance actions
- Option for portfolio overview reporting presented in quarterly update to Council on 5/11 – still refining
- Reporting progress relative to baseline – in development for 2022



- 5 Preliminary Design (Initiation to 30%)
- 13 Design (30% to Award/Mayor's Signature)
- 11 Construction (Award/Mayor Signs to Substantial Completion)
- 4 Closeout (Substantial Completion to Acceptance)
- 33 Total active

## Sample Project

Project #: 20021811

(R. Dane/R. Crittenden/Insp. TBD)

Scope ● Schedule ● Budget ● Funding: \$1,396,004 Cost Estimate: \$1,169,751

Status	Next Milestone	Next Milestone Date	Ad Date	Sub. Completion
Design	90% Design	04/2021	06/2021	11/2021

➤ Project Progress

# Final Report Contents

## CIP Proviso

*Final Report – June 8, 2021*

- Summary description of key elements
- Changes and anticipated improvements to the capital delivery process
- Changes to CIP budget process and development
- CIP outline and schedule of how changes will be implemented

# Proviso Elements – Cost Estimate and Contingencies

## Cost Estimates

PRV Phase 2 Replacements		
Cost Estimate Stage:	60% Design	
20021802		
PROJECT PHASE:	Design	
Project Element	Water CIP	Total
<b>Right of Way</b>		
Right of Way Soft Costs		
City Staff 2	\$ 8,000	\$
Construction Land Services	\$ 82,500	\$ 82,500
Environmental	\$	\$
Miscellaneous 3	\$	\$
Subtotal: Right of Way Soft Costs	\$ 82,500	\$ 82,500
Right of Way, Property, & Easements 4	\$ 451,800	\$ 451,800
SUBTOTAL: Right of Way Phase	\$ 534,300	\$ 534,300
Contingency 5 Risk: High 30%	\$ 160,290	\$ 160,290
TOTAL: Right of Way Phase	\$ 694,590	\$ 694,590
<b>Preliminary Design</b>		
Consultant (BHC)	\$	\$
City Staff	\$	\$
Miscellaneous	\$	\$
TOTAL: Preliminary Design	\$	\$
<b>Design</b>		
Consultant - BHC Original Agreement	\$ 602,117	\$ 602,117
City Staff 2	\$ 168,018	\$ 252,027
Outreach	\$	\$
Cultural Resources Monitoring 6	\$	\$
Environmental	\$	\$
Possible Supp Agree 1 - increased potholing cost	\$ 92,000	\$ 92,000
Miscellaneous 3	\$	\$
Subtotal: Design Phase	\$ 946,144	\$ 946,144
Contingency 5 Risk: Medium 25%	\$ 236,536	\$ 236,536
TOTAL: Design Phase	\$ 1,182,680	\$ 1,182,680

<b>Construction</b>		
Construction Contract		
Total with all nine PRVs	\$ 4,288,947	\$ 4,288,947
Escalation from 2020 to 2022	\$	\$
construction	\$ 300,226	\$ 300,226
Sales Tax 7 10.0%	\$ 458,917	\$ 458,917
Subtotal: Construction Contract	\$ 5,048,090	\$ 5,048,090
<b>Other Construction Costs</b>		
City Furnished Materials 8	\$	\$
Stormwater Fee in Lieu	\$	\$
Franchise Utility Construction Costs 9	\$	\$
Other Utility Costs 9	\$	\$
1% For the Arts 10	\$ 50,481	\$ 50,481
Subtotal: Other Construction Costs	\$ 50,481	\$ 50,481
Subtotal: Construction Costs	\$ 5,098,571	\$ 5,098,571
<b>Construction Engineering</b>		
Consultant (BHC Supplement)	\$ 120,000	\$ 120,000
City Staff 2	\$ 392,059	\$ 392,059
Materials Testing, Special Inspections	\$ 25,000	\$ 25,000
Outreach	\$ 5,000	\$ 5,000
Cultural Resources Monitoring 6	\$ 5,000	\$ 5,000
Environmental	\$	\$
Miscellaneous 3	\$ 10,000	\$ 10,000
Subtotal: Construction Soft Costs	\$ 557,059	\$ 557,059
SUBTOTAL: Construction Phase	\$ 5,655,630	\$ 5,655,630
Contingency 5 Risk: Medium 25%	\$ 1,413,908	\$ 1,413,908
TOTAL: Construction Phase	\$ 7,069,538	\$ 7,069,538
<b>TOTAL PROJECT</b>		
TOTAL PROJECT	\$ 8,946,808	\$ 8,946,808
Total Funding	\$ 7,148,000	\$ 7,148,000
Budget Surplus/(Shortfall)	(\$1,798,808)	(\$1,798,808)
Total	\$	\$
Contingency	\$ 1,810,734	\$ 1,810,734
	\$	\$ 1,822,239

## Contingencies

SUBTOTAL: Right of Way Phase		\$ 534,300	\$ 534,300
Contingency 5 Risk: High 30%		\$ 160,290	\$ 160,290
TOTAL: Right of Way Phase		\$ 694,590	\$ 694,590

Subtotal: Design Phase		\$ 946,144	\$ 946,144
Contingency 5 Risk: Medium 25%		\$ 236,536	\$ 236,536
TOTAL: Design Phase		\$ 1,182,680	\$ 1,182,680

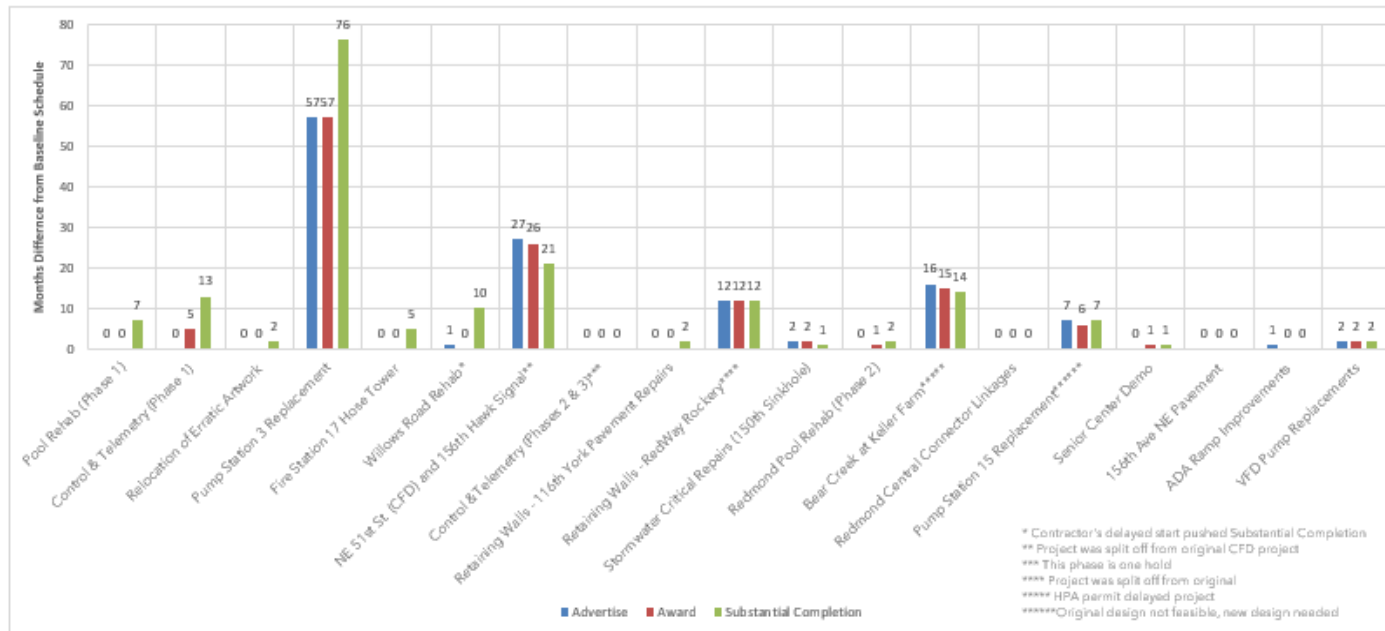
SUBTOTAL: Construction Phase		\$ 5,655,630	\$ 5,655,630
Contingency 5 Risk: Medium 25%		\$ 1,413,908	\$ 1,413,908
TOTAL: Construction Phase		\$ 7,069,538	\$ 7,069,538

Total Contingency \$ 1,810,734 \$ 1,810,734



# Proviso Elements – Baseline samples

Project Name			Project Initiation Prog	Pre-Primary Design Start	Project Baseline (30%)	Advertise	Contract Award	Subs. Completion	Letter to Contract Acceptance	Project Closeout - Punch List	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-13	May-13	Sep-13	Dec-13	Feb-20	Apr-20	Jun-20	Jun-21																									
Relocation of Erratic Artwork - actual			Apr-13	May-13	Sep-13	Dec-13	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





# Proviso Elements

## Budget Process Improvements

- Continuing appropriations
- Project-level appropriation
- Budgeting by project phase
- Project baseline establishment
- Portfolio-level overviews
- Consolidation of facility projects

## Budget Document Improvements

- Portfolio focused versus area focused
- Portfolio-level revenue overviews
- One-Pager
- Modification & Deletion Schedule
- Budget glossary additions
- Fiscal policy improvements



# Summary of Recommendations

- Baselineing
- Risk management refined
- Performance measures
- Appropriations
- Revenue sources
- Changes from last budget
- One-Pager
- State Auditor's Office



## Next Steps

- Monthly Reporting
  - Project updates
  - Governance changes
- Quarterly CIP Program Updates
  - Status of current projects
  - Project changes and updates
- Annual Reporting
  - Implementation elements from Proviso
  - Completion and spending
  - Reporting on projects relative to baseline

# Thank you

Any Questions?





# City of Redmond

15670 NE 85th Street  
Redmond, WA

## Memorandum

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**Date:** 6/8/2021

**Meeting of:** City Council Study Session

**File No.** SS 21-046

**Type:** Study Session

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Council Talk Time