King County

King County Executive Orders
Administrative Policies and Procedures

Title	Document Code No.
Development and Implementation of Consistent , Comprehensive Standards for Reporting, Management, and Performance Measurement of Capital Projects	CIP 8-1 (AEO)
Department/Issuing Agency King County Executive's Office	Date March 18, 2010

The purpose of this executive order is to direct the development of consistent, comprehensive standards for capital project budgeting, reporting, management, and performance measurement.

WHEREAS, a key objective of the King County Strategic Plan is to build a culture of performance and improve the effectiveness and efficiency of county programs, services, and systems; and

WHEREAS, King County manages a wide range of capital project types to support wastewater treatment, solid waste disposal, building development and redevelopment, airport operations, surface water management, flood hazard reduction, habitat restoration, park and trail development, and transportation; and

WHEREAS, on June 22, 2009, the Washington State Auditor's Office issued an Accountability Audit (SAO Audit) Report for King County focused on construction management that outlined the following objectives for capital project reporting and information management systems:

- Provide accountability and transparency to the Council and public,
- Track performance against budgets and schedules,
- Initiate prompt corrective actions as budget and schedule problems are identified,
- Evaluate the performance of project and contract management personnel and contractors, and
- Report to the Executive, Council and public on the progress of the entire project as a whole against the total budgeted appropriations for the project; and,

WHEREAS, the development of a relatively limited number of carefully selected core reporting elements, coupled with standard definitions and approaches for capital project reporting and management, would enhance county-wide oversight and transparency of capital projects; and

WHEREAS, establishing project "baselines" upon completion of preliminary design, and using these baselines to track project delivery is an industry-standard practice that provides a framework for alerting management of project delivery issues and tracking performance; and

WHEREAS, common language and standards for defining project phases, establishing project baselines, conducting risk assessments, establishing contingency, and measuring performance would provide decision-makers with more meaningful information to support appropriation decisions on CIP projects; and

WHEREAS, the Accountable Business Transformation (ABT) Program is scheduled to establish a unified financial system by January 2011 and a unified operating and capital project budgeting system by April 2012 that should provide all county agencies with comparable tools to track expenditures and commitments on capital projects and should facilitate consistent project reporting and budgeting; and

WHEREAS, Motion 12905 calls for the Council, the Auditor's Office, and Executive staff to continue to work collaboratively to replace the existing capital project reporting structure in favor of a reporting structure designed to improve the value and timeliness of report content; and

WHEREAS, Ordinance 16764 establishes additional oversight requirements for high-risk capital projects and additional requirements for all capital appropriation requests; and

WHEREAS, for project management to be effective, the county needs to establish a more uniform management culture in which project managers communicate emerging issues with delivery of project scope, schedule, and budget early so that agency managers can identify options and implement effective course corrections; and

WHEREAS, a Capital Projects Standards Steering Committee (SSC) was convened in June of 2009 to develop consistent capital project standards to address key aspects of project development, management, reporting, record keeping, and performance measurement; and

WHEREAS, the implementation of new standards for capital project reporting, management, and performance measurement will require the dedication of resources for training and staff development.

NOW, THEREFORE, I Dow Constantine, King County Executive, do hereby order and direct that:

1. The Deputy County Executive shall:

    a) Sponsor and initiate a capital project management initiative to develop and implement consistent, comprehensive, and efficient standards for capital project budgeting, reporting, management, and performance measurement;

    b) Lead a Capital Project Management Initiative Oversight Committee comprised of the Executive Leadership Team and the County Administrative Officer to establish management direction, eliminate implementation barriers, and track the progress of the capital project management initiative;

    c) Assign the Department of Transportation's Transit Design and Construction Manager as Project Manager for the capital project management initiative to develop, execute, and report on recommendations for capital project budgeting, reporting, management, and performance measurement;

    d) Appoint the Capital Project Management Work Group (CPMWG) comprised of designated staff with expertise in project management, reporting, contracting, budgeting, and performance measurement from the Departments of Natural Resources and Parks,

Transportation, and Executive Services and the Offices of Management and Budget, Strategic Planning and Performance Management and Information Resources Management to review current county and industry practices, and make consensus recommendations to the Oversight Committee on common capital projects standards and an implementation and training plan.

2. The Project Manager shall:

   a) Develop, execute, and report on recommendations for capital project management to the Oversight Committee;

   b) Develop a CPMWG charter (by 2nd quarter 2010) for adoption by the Oversight Committee that includes items such as purpose, scope, membership, responsibilities, number of positions, meeting schedule, and subcommittee structure;

   c) Chair the CPMWG;

   d) Develop annual work plans for review by the CPMWG and Oversight Committee with specific deliverables and deadlines for implementing the scope of the capital project management initiative (complete initial work plan by 2nd quarter 2010);

   e) Elevate disputes and resource requests to the Oversight Committee.

3. The Department Directors shall:

   a) Champion and fully support the efforts of the capital project management initiative, including through supporting adequate staff participation in the CPMWG;

   b) Follow through and accept accountability for reporting requirements and departmental portions of the annual work program;

   c) Recommend ideas and suggestions for common standards where consistency is necessary to effectively monitor capital projects, ensure accountability, and measure performance.

4. The Project Sponsor, Project Manager, Oversight Committee, CPMWG, and Department Directors together are responsible for developing and implementing, consistent with stated schedule targets, the following standards and processes for:

Capital Project Reporting

1. By April 30, 2010, the CPMWG shall develop and recommend to the Oversight Committee:

   a) A definition of "Project Baseline" that is generally consistent with the definition in Ordinance 16764.

b) Common standards for developing a project baseline for new projects and those currently in the planning and preliminary design phases, using it as the basis for measuring and reporting project variance, and obtaining management approval for formal "re-baselining".

c) Common definitions and terminology for project phases that are aligned with new ABT's development of high-level cost categories for the unified financial system and with new high-risk project provisions in Ordinance 16764.

d) Requirements for frequency and thresholds for reporting to the Executive and Council.

e) Consistent minimum reporting elements and a reporting format that:

- provide greater accountability and transparency to decision-makers and the public;
- draw from effective reporting examples utilized by comparable governments agencies;
- support effective reporting for a variety of capital project types, including construction, preservation, land acquisition, major equipment purchases, technology projects, and master project "roll-ups" of related projects;
- focus on a limited number of reporting elements, each with a clear purpose in terms of supporting project management and informing project managers, agency managers, and decision-makers;
- clearly indicate when a project baseline has been established and tie reporting back to this baseline;
- use color-coded scheme or "dashboard system" tied to established thresholds for variance reporting to alert the Executive and Council of significant departures from established baseline scope, schedule, and budget;
- support comparisons of current and life-to-date expenditures with budget authority and the established baseline for the project;
- recognize that formal re-baselining may be required, due to conditions beyond agency control such as changes in permit requirements or loss of revenue, subject to management approval.
- are coordinated with the ABT finance and budgeting systems so that they can be supported by direct data downloads,
- support a performance measurement framework for capital projects; and
- are designed in a manner that allows for automated, web-based report generation to the greatest extent possible, recognizing the current status and phasing of ABT implementation.

2. By May 15, 2010, the CPMWG shall develop a recommended approach for providing project information to the public using web-based tools.

3. By June 30, 2010, the Offices of Management and Budget and Strategic Planning and Performance Management shall work with CPMWG and the Office of Information Resources

Management to develop an implementation plan and resource requirements for unified capital project reporting for approval by the Oversight Committee that addresses:

a) Data collection responsibility by agency,

b) Database use and administration,

c) Reporting method and schedule,

d.) Training requirements and schedule,

e) Integration, to the extent possible, of data prepared for reporting with data submittal for budget preparation, and

f) Data accessibility to county agencies and the public via web-based tools.

4. Beginning in the third quarter of 2010 agencies shall generate internal reporting for selected capital projects, using the common reporting elements and format on a quarterly basis.

5. Beginning in October 2010, begin collecting data for the fourth quarter and on a date to be determined report to the Executive and Council electronically on high risk projects (as defined in ordinance 16794) and other selected projects with significant variance from project baseline (where established) using consistent reporting standards and reporting tools.

Capital Project Budgeting

1. By May 15, 2010, the Office of Management and Budget will develop a proposed package of code amendments to King County Code Title 4 to accomplish the following objectives:

   a) Clarify the timing of budget requests (either annual of biennial for all capital projects);

   b) Review and standardize provisions for flexible budgeting available to county agencies;

   c) Clarify standards for a financial plan reserve for contingency or a budgeted fund-level contingency;

   d) Establish consistent definitions for master and sub-projects;

   e) Establish consistent definitions for capital project phases;

   f) Establish clear standards for appropriating funds to capital projects in the capital budget versus the operating budget.

   g) Define the purpose of the Operational Master Plan (OMP) in the context of the strategic plan requirements and the Facilities Master Plan (FMP) process, and in doing so,

      - improve the interface between the OMP, FMP, Space Plan and financial planning processes by reinforcing the need for operational cost analysis, cost/benefit analysis, financial plan impacts, and debt capacity considerations; and

      - evaluate the merits of alternative decision points to make more timely use of service level forecasts, streamline and improve the integration of the OMP and FMP processes, and provide early policy direction.

h) Revise requirements for Capital Improvement Project reconciliation content and timing to clarify purpose and align with the accounting calendar.

Capital Project Management Standards:

1. By the end of June 2010, CPMWG shall develop and recommend to the Oversight Committee comprehensive, consistent capital project management standards, terminology, and templates to be utilized by all county agencies responsible for capital projects. In developing recommended standards, CPMWG will:
   a) review other public agency business models and existing materials within the County related to project management policies, procedures, and products;
   b) identify common standards and practices project development, management, reporting, and record keeping, focusing first on those standards where consistency across agencies is most critical;
   c) coordinate the development of standards with other process improvement efforts related to capital project management, including ABT and ERMS;
   d) develop a standard project management manual template that includes core state and county requirements and references agency specific requirements;
   e) make recommendations on project management tool(s) appropriate for the scope and complexity of projects managed by county agencies.
2. By the end of September 2010, CPMWG shall develop and recommend to the Oversight Committee final standards, an Implementation and Training Plan outlining resource requirements, and proposed timelines for a phased approach to implementation of standards by agencies.
3. By the end of November 2010, CPMWG shall develop and recommend to the Oversight Committee implementing policy and code changes.

A Performance Measurement Framework for Capital Projects:

1. By the end of August 2010, the CPMWG shall develop and recommend to the Oversight Committee:

   a) Schedule and budget performance targets informed by a review of individual county historical information on project delivery (where available), comparable agency practices, and industry standards. To the extent possible, performance measures should be developed in a manner that allows future project performance information to be meaningfully "rolled up" at the program, agency, and countywide level.
   b) A "scorecard" approach for communicating a summary-level analysis of performance relative to recommended targets that quickly imparts information to the public and decision-makers and helps to focus follow-up inquiries.

2. By the end of November 2010, county agencies will establish a training plan for appropriate project management staff in utilization of recommended performance measures for capital projects.
3. Beginning in April 2011, county agencies, through the Offices of Management and Budget and Strategic Planning and Performance Management will begin reporting on performance relative to capital project performance targets for projects with established baselines. This information shall be made available to the Council and public via the annual budget submittal, the county's AIMs High performance measurement web site, and other performance-related documents.

Dated this18th day of March, 2010.

Dow Constantine
King County Executive

Attest:

Carolyn Ableman
Director, Records and Licensing Services Division