

Resolution No. 31203

A RESOLUTION concerning Capital Projects; adopting updated capital and asset preservation policies for the City of Seattle, setting a time frame for submittal of a Strategic Capital Agenda, establishing new hearing procedures for certain Capital Projects with private partners to replace those procedures adopted in Resolution 30096 pursuant to the 1999 settlement agreement in CLEAN, et al., v. City of Seattle, and superseding Resolutions 30365, 30072, and 30096.

The City of Seattle - Legislative Department

Resolution sponsored by: Jan

Committee Action:

Date	Recommendation	Vote
6/15/10	Do Pass	Y - JG, M'OB

Related Legislation File: _____

Date Introduced and Referred: 4-12-10	To: (committee): Finance + Budget
Date Re-referred:	To: (committee):
Date Re-referred:	To: (committee):
Date of Final Action: 6-21-10	Date Presented to Mayor: [Signature]
Date Signed by Mayor: [Signature]	Date Returned to City Clerk: 6-21-10
Published by Title Only <input checked="" type="checkbox"/>	Date Returned Without Concurrence:
Published in Full Text <input checked="" type="checkbox"/>	

This file is complete and ready for presentation to Full Council. _____

Full Council Action:

Date	Decision	Vote
6-21-10	Adopted	9-0

RESOLUTION 31203

1
2
3 A RESOLUTION concerning Capital Projects; adopting updated capital and asset preservation
4 policies for the City of Seattle, setting a time frame for submittal of a Strategic Capital
5 Agenda, establishing new hearing procedures for certain Capital Projects with private
6 partners to replace those procedures adopted in Resolution 30096 pursuant to the 1999
settlement agreement in CLEAN, et al., v. City of Seattle, and superseding Resolutions
30365, 30072, and 30096.

7 WHEREAS, as a result of the Citizen's Capital Investment Committee's work on planning and
8 funding for the City's capital projects, the Council adopted Resolution 28947 on August
8, 1994, outlining a strategic capital investment process for the City's capital assets; and

9 WHEREAS, on August 8, 1994, the Council passed Ordinance 117255 related to capital projects
10 funding and establishing a requirement that a fiscal note be prepared to accompany the
11 funding proposal for any major new or expanded capital project; and

12 WHEREAS, on September 20, 1999, the Council adopted Resolution 30025 adopting a Strategic
Capital Agenda for the period 1999-2004; and

13 WHEREAS, on November 22, 1999, the Council adopted Resolution 30072 approving general
14 guidelines for improving public knowledge of City partnerships with private and public
15 entities; and

16 WHEREAS, on December 13, 1999, the Council adopted Resolution 30096, concurring with the
17 Mayor's Standard Operating Procedure regarding notice and hearing procedures for
certain major capital projects; and

18 WHEREAS, on February 14, 2000, the Council adopted Resolution 30121, endorsing the City of
19 Seattle Environmental Management Program's Sustainable Building Policy; and

20 WHEREAS, on August 6, 2001 the Council adopted Resolution 30365, adopting updated capital
21 and asset preservation planning and funding policies for the City of Seattle; and

22 WHEREAS, on January 17, 2008 the Office of City Auditor published *External Funding of*
23 *Capital Projects*, which recommended updating the City's capital policies; and

24 WHEREAS, on September 9, 2008, the Council adopted Resolution 31083, adopting revised
25 financial policies for the Cumulative Reserve Subfund of the General Subfund; and
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1 WHEREAS, the City Council and the Mayor are committed to high standards of financial
management; and

2 WHEREAS, adopting and periodically updating and revising capital policies are important steps
3 towards assuring consistent and rational financial management; and

4 WHEREAS, the City Council and Mayor have reviewed the City's capital and asset preservation
5 planning and funding policies and wish to update, clarify, and in certain instances, change
6 the policies; NOW THEREFORE,

7 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE**
8 **MAYOR CONCURRING, THAT:**

9 **Section 1.** Terms used in this resolution, including Attachment A, are defined as
10 follows:
11

12 **ASSET PRESERVATION PROJECT.** A Capital Project that preserves the ability of an existing
13 Capital Asset to perform the functions for which it is currently being used. Examples of Asset
14 Preservation Projects include, without limitation, the following:
15

- 16 A. Structural repairs, such as major roof repairs.
- 17 B. Replacement of facility subsystems (e.g., HVAC, electrical systems, irrigation systems)
18 when the subsystem has failed, is obsolete beyond repair, or when subsystem replacement
19 is a more cost-effective long-run option than continued maintenance.
- 20 C. Replacement of the Capital Asset when replacement is a more cost-effective long-run
21 option than continued maintenance.
- 22 D. Facility modifications required to maintain employee or user safety in an existing building
23 (e.g., removing asbestos, installing security lighting, installing fire alarms).
- 24 E. Facility modifications required by Federal, State, County, or City law.
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1 CAPITAL ASSET. Tangible property, including without limitation, land, improvements to land,
2 easements, buildings and other structures, building improvements, and fixtures such as
3 machinery and equipment.

4
5 CAPITAL COMMITMENT. Any financial commitment to a Capital Project, including without
6 limitation an appropriation, contract, cash expenditure, or guarantee. Interest on City debt is not
7 included within the definition of Capital Commitment.

8
9 CAPITAL PROJECT. (1) Any project that is in or proposed to be added to the City's Six-Year
10 Capital Improvement Program (CIP), or (2) any project of a Partner Entity that a) concerns the
11 purchase, construction, maintenance, repair, renovation or redevelopment of a Capital Asset, and
12 b) in which the City has made or intends to make a Capital Commitment.

13
14 CITY-PRIVATE PARTNER PROJECT. A Partner Project with a non-governmental Partner
15 Entity except for:

16 A. An emergency project that would qualify for an expenditure by 2/3 vote of the Council
17 under RCW 35.32.A.060 (1) and (2); or

18 B. A program of capital improvement (such a project that funds repaving at several different
19 locations each year) that only collectively reaches the level of Capital Commitment that
20 would have qualified it as a Partner Project.
21

22
23 NEW OR EXPANDED CAPITAL PROJECT. (1) A Capital Project that is proposed to be added
24 to the City's Six-Year CIP for the first time, or (2) a Capital Project that is currently in the City's
25 Six-Year CIP and is proposed to be significantly expanded in scope or expenditure, or (3) a
26



1 Partner Project in which the City proposes to make a new Capital Commitment or significantly
2 expand its Capital Commitment.

3
4 PARTNER ENTITY. Any governmental agency, and any non-governmental person, association
5 or entity that shares or is proposed to share funding or implementation responsibility with the
6 City for a Partner Project.

7
8 PARTNER PROJECT. A Capital Project that has, or is proposed to have:

- 9 A. A City Capital Commitment of at least \$5 million in 2010 dollars;
- 10 B. A Capital Commitment by both the City and a Partner Entity for activities other than
11 housing development or street vacations; and
- 12 C. At least \$1 million (in 2010 dollars) of Capital Commitment in the project by a Partner
13 Entity, except that funds received by the City from a governmental Partner Entity in the
14 form of a grant or loan shall not be considered a Capital Commitment by a Partner Entity.
15
16 The dollar amounts set forth in this definition and elsewhere in this resolution shall be
17 adjusted annually, as part of the City's proposed budget, to be consistent with any changes
18 in the Seattle-Tacoma-Bremerton Consumer Price Index (CPI).

19
20 UTILITY-PRIVATE PARTNER PROJECT. A Partner Project in which a City utility partners
21 with a non-governmental Partner Entity that is not a publicly regulated private utility.
22

23 **Section 2.** Resolution 30365 and Resolution 30072 are hereby superseded in their
24 entirety, and the Capital and Asset Preservation Planning and Funding Policies attached to this
25 resolution (as Exhibit A) are hereby adopted. Except as provided in Section 3, the policies shall
26



1 be followed by the Executive for any New or Expanded Capital Project or Asset Preservation
2 Project before it is proposed for Council approval.

3
4 **Section 3.** The policies established by this resolution do not apply to the City's utilities,
5 except for the notice and hearing procedures in Sections 5 and 6. The City's utilities are excluded
6 from the other parts of these policies because they have separate funding sources for their capital
7 programs, and decisions about utility Capital Projects are made through the rate setting process.
8

9 **Section 4.** The City Council requests that the Executive submit a proposed Strategic
10 Capital Agenda (as described in Exhibit A) as soon as is practicable, either in 2010 or early
11 2011.
12

13 **Section 5.** The Standard Operating Procedures regarding notice and hearing procedures
14 for certain major capital projects, previously adopted via Resolution 30096, are hereby
15 superseded in their entirety and replaced with the following requirements:
16

17 A. A Council Committee will conduct a public hearing prior to its approval of a
18 proposed City-Private Partner Project or Utility-Private Partner Project.
19

20 B. The public hearing will occur before Council passage of the first ordinance that
21 either:
22

23 i. Commits the City (or authorizes the executive branch to commit the
24 City) to spend at least \$5 million (in 2010 dollars) on the project, or
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1 ii. Appropriates at least \$5 million (in 2010 dollars), or brings the
2 cumulative appropriations for that project above that amount, whichever
3 comes first.

4
5 C. Public notice will be provided at least 30 days in advance of the public hearing on
6 the City-Private Partner Project or Utility-Private Partner Project. At minimum, the
7 notice will include a brief description of the proposed project; the proposed dollar
8 amount of the City's Capital Commitment to the project; the date, time, and place
9 of the public hearing; and a phone number, e-mail address or mailing address where
10 additional information about the hearing may be obtained. The City Clerk will post
11 the public notice on the City's website and ensure that the public notice is published
12 in the City's official newspaper.
13

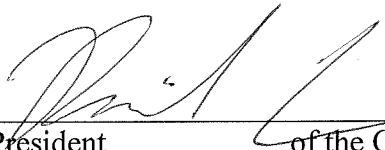
14
15 D. The fiscal note for the legislation approving the City-Private Partner project or
16 Utility-Private Partner Project, and documents referenced in the fiscal note, will be
17 made available to the public at least 30 days in advance of the public hearing on the
18 project.
19

20 **Section 6.** New Capital Projects in the City's Six-Year CIP with a proposed Capital
21 Commitment of at least \$5 million (in 2010 dollars), and Capital Projects with a proposed
22 expansion that increases the Capital Commitment to at least \$5 million (in 2010 dollars), but
23 which otherwise do not meet the criteria for public hearings in Section 5 above, will be identified
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1 in an appendix to the City's Six-Year CIP by the Finance Director when he or she transmits the
2 proposed annual budget.

3
4 Adopted by the City Council the 21st day of June, 2010, and
5 signed by me in open session in authentication of its adoption this 21st day
6 of JUNE, 2010.

7
8
9 
10 President _____ of the City Council

11
12
13 Filed by me this 21st day of June, 2010.

14
15
16 
17 City Clerk

18 (Seal)

19 Exhibit A: Capital and Asset Preservation Planning and Funding Policies

20
21 Attachment 1 to Exhibit A: Additional Risk Analysis and Fiscal Analysis for Non-Utility
22 Partner Projects



EXHIBIT A

CAPITAL AND ASSET PRESERVATION PLANNING AND FUNDING POLICIES

INTRODUCTION

The purposes of the City's Capital and Asset Preservation Planning and Funding Policies are twofold. First, the policies state the principles and other relevant factors that will guide the City's capital funding decisions. Second, the policies describe a general planning, analysis and information-sharing process in which decision-making will occur. The City's utilities are excluded from these policies because they have separate funding sources for their capital programs, and decisions about utility capital projects are made through the rate setting process.

These policies have been adopted by the City Council through resolution. They will be reviewed and updated on a five-year cycle, with the next update scheduled for 2014.

DEFINITIONS

ASSET PRESERVATION PROJECT. A Capital Project that preserves the ability of a Capital Asset to perform the functions for which it is currently being used. Examples of Asset Preservation Projects include, without limitation, the following:

- A. Structural repairs, such as major roof repairs.
- B. Replacement of facility subsystems (e.g., HVAC, electrical systems, irrigation systems) when the subsystem has failed, is obsolete beyond repair, or when subsystem replacement is a more cost-effective long-run option than continued maintenance.
- C. Replacement of the Capital Asset when replacement is a more cost-effective long-run option than continued maintenance.
- D. Facility modifications required to maintain employee or user safety in an existing building (e.g., removing asbestos, installing security lighting, installing fire alarms).
- E. Facility modifications required by Federal, State, County, or City law.

CAPITAL ASSET. Tangible property, including without limitation, land, improvements to land, easements, buildings and other structures, building improvements, and fixtures such as machinery and equipment.

CAPITAL COMMITMENT. Any financial commitment to a Capital Project, including without limitation an appropriation, contract, cash expenditure, or guarantee. Interest on City debt is not included within the definition of Capital Commitment.

CAPITAL PROJECT. (1) Any project that is in or proposed to be added to the City's Six-Year Capital Improvement Program (CIP), or (2) any project of a Partner Entity that a) concerns the purchase, construction, maintenance, repair, renovation or redevelopment of a Capital Asset, and b) in which the City has made or intends to make a Capital Commitment.



CITY-PRIVATE PARTNER PROJECT. A Partner Project with a non-governmental Partner Entity, except for:

- A. An emergency project that would qualify for an expenditure by 2/3 vote of the Council under RCW 35.32.060(1) and (2); or
- B. A program of capital improvement (such as a project that funds repaving at several different locations each year) that only collectively reaches the level of Capital Commitment that would have qualified it as a Partner Project.

NEW OR EXPANDED CAPITAL PROJECT. (1) A Capital Project that is proposed to be added to the City's Six-Year CIP for the first time, or (2) a Capital Project that is currently in the City's Six-Year CIP and is proposed to be significantly expanded in scope or expenditure, or (3) a Partner Project to which the City proposes to make a new Capital Commitment or significantly expand its Capital Commitment.

PARTNER ENTITY. Any governmental agency, and any non-governmental person, association, or entity that shares or is proposed to share funding or implementation responsibility with the City for a Partner Project.

PARTNER PROJECT. A Capital Project that has, or is proposed to have:

- A. A City Capital Commitment of at least \$5 million in 2010 dollars;
- B. A Capital Commitment by both the City and a Partner Entity for activities other than housing development or street vacations; and
- C. At least \$1 million (in 2010 dollars) of Capital Commitment in the project by a Partner Entity, except that funds received by the City from a governmental Partner Entity in the form of a grant or loan shall not be considered a Capital Commitment by a Partner Entity.

The dollar amounts set forth in this definition and elsewhere in this Exhibit shall be adjusted annually, as part of the City's proposed budget, to be consistent with any changes in the Seattle-Tacoma-Bremerton Consumer Price Index (CPI).

BASIC PRINCIPLES UNDERLYING STRATEGIC CAPITAL PLANNING

Policy 1. Preserve and maintain existing Capital Assets. While building new Capital Projects is often seen as more glamorous, maintaining existing Capital Assets is critical to ensuring the continued function and protection of those assets. The City intends to make Capital Commitments in a cost-effective manner, recognizing that in some cases Capital Asset replacement is a better long-run option than continued maintenance. In general, an Asset Preservation Project will be given higher funding priority than a Capital Project that improves or expands a Capital Asset.



Policy 2. Support the goals of the City's plans. Capital Commitments will be targeted to support the goals of the Comprehensive Plan; recognized neighborhood plans; adopted facility, department, or sub-area Master Plans; and other adopted City functional plans. The City is committed to focus much of its Capital Commitment in those areas targeted for additional growth in the Comprehensive Plan. The City also will use other adopted City functional plans and facility plans to inform Capital Project decisions.

Policy 3. Support economic development. The City's ability to fund Asset Preservation Projects and other Capital Projects in the long run depends on the strength of the City's economy and tax base. Therefore, the City will continue to consider economic development effects when setting capital priorities.

OTHER CAPITAL PLANNING FACTORS

Policy 4. Consider external funding possibilities. External funding possibilities should be considered when choosing among Capital Projects. Some Capital Projects are eligible for external support such as grants or private donations. These funding sources may make such projects more cost-effective and preserve City money for other uses.

Policy 5. Consider revenue-generating possibilities. Revenue-generating possibilities should be considered when choosing among Capital Projects. Some Capital Projects generate funds directly, such as through admissions tax revenues, which may make a project more cost-effective. Capital Commitments may be required to maintain a competitive position in revenue-generating facilities or to enhance revenue opportunities.

Policy 6. Seek regional funding for regional projects. Regional funding should be sought for regional Capital Assets. The City provides many facilities that are of benefit to the entire region, including the Woodland Park Zoo, the Aquarium, and Seattle Center. To the extent possible, the City will seek regional support for these facilities' capital priorities. Funding from County, State, or Special Purpose districts, as appropriate, for these regional Capital Assets will be a City priority in formulating legislative and intergovernmental agendas.

Policy 7. Pursue cost-saving commitments. The City will pursue cost savings in its capital program. Proposals for Capital Commitments will include an analysis of the costs and benefits, and the payback period. Other things equal, funding priority will be given to Capital Commitments with a shorter payback period.

Policy 8. Pursue conservation and sustainability investments. The City is committed to investing in conservation of natural resources, reducing greenhouse gases, and to being a leader in Capital Projects that promote environmental sustainability, including meeting the LEED Silver standard in all facilities and buildings with over 5,000 gross square feet of occupied space. It is recognized that some Capital Commitments to sustainable design and construction methods and materials may not easily demonstrate a direct financial payback.

PROCESS FOR STRATEGIC CAPITAL PLANNING AND FUNDING

Policy 9. Planning for Capital Projects. The Executive will develop a proposed Strategic Capital Agenda upon Council request. The purpose of the Strategic Capital Agenda (Agenda) is to outline the most important capital issues facing the City over the next six years, explore options for financing, and describe possible Capital Projects that may be submitted to the voters for funding. The Agenda's scope is limited to the non-utility Capital Projects, including transportation, libraries, public safety, parks and recreation, cultural facilities, and City office buildings and shops. The Agenda is informed and guided by the City's adopted functional plans, and is intended to support the City's objective that citizens get their money's worth from City government by explaining options and priorities for Capital Commitments.

Policy 10. Additional planning for Asset Preservation Projects and other Capital Projects. Planning for Asset Preservation Projects and other Capital Projects will occur via the City's Six-Year CIP as well as through the Strategic Capital Agenda. In addition, the CIP will list the Capital Projects that have been added since the adoption of the previous CIP. Asset preservation planning in the CIP will be guided by periodic citywide reviews of the City's asset preservation demands. However, once departmental funding is appropriated, implementation of specific Capital Projects will be decentralized, with autonomy and accountability at the individual operating department level consistent with Council policy direction.

Policy 11. Funding for Asset Preservation Projects and other Capital Projects. Funding decisions for Asset Preservation Projects and other Capital Projects are generally made as part of the City's annual budget and CIP cycle, or through legislation passed outside the regular budget process. Funding may occur outside the regular budget process because a project responds to an emergency or to a regulatory requirement, because it is time-sensitive or presents unique opportunities for the leveraging of City funds, or for other reasons deemed appropriate by the Mayor or City Council, consistent with RCW 35.32A.

Policy 12. Fiscal analysis requirements.

A. The following fiscal note information will be included when Council approval of a New or Expanded Capital Project is requested. If a particular fiscal note subsection is not relevant to the proposed project, it will be answered "not applicable" but shall remain visible in the fiscal note.

- 1) Basic project information and overview of the project. This item will include the project's name, sponsoring organization, and a brief description of the proposed project.
- 2) Project's relationship to City priorities. How does the project advance a City priority? Is the project consistent with the City Comprehensive Plan, a specific Neighborhood Plan, or City department plans?



- 3) Project schedule. This item will include a timetable for the project, describing the project's proposed implementation schedule, the underlying assumptions, and any timing issues and risks.
- 4) Estimated life of project. This item will list the period for which a project is expected by its designers to function for its designated purpose without major repairs.
- 5) Total capital cost for the project. This item will list the total estimated capital cost for the project, including the projected costs of meeting the LEED Silver standard in all facilities and buildings with over 5,000 gross square feet of occupied space, and the underlying assumptions.
- 6) Estimated operating and maintenance costs for the project. This item will list the estimated annual operating and maintenance expenses, including any annual preventive maintenance and the annual savings of implementing the LEED Silver standard, as well as any underlying assumptions.
- 7) Estimated ongoing asset preservation costs for the project. This item will list any periodic asset preservation costs for the project and the underlying assumptions.
- 8) Funding sources available to the project. This item will list the expected funding sources for the project, the expected timing of funding availability, and the expected level of funding from each source; both for the capital costs and the ongoing operating and asset preservation costs. This item should identify any needed City bonding authority, whether there are unusual constraints on use of any project funding source, and whether funding of the project risks depleting any City funding source needed for other projects. Is the funding project-specific or transferable to other projects?
- 9) Expected revenue from the project. For projects that are expected to generate revenue, this item will list the estimated annual revenue the City will receive directly from the project, and the underlying assumptions.
- 10) Funding sources for replacement of project. This item will list the possible and recommended methods of financing the project replacement costs for projects with a life expectancy of 15 years or less.
- 11) Implementation options for the project. This item will include options for implementation such as timing options for different project elements or options for locating maintenance access.
- 12) The financial cost and other risks of not implementing the project. For projects that are intended to replace existing Capital Assets, and where there is a cost to the City to continue operating and/or maintaining the existing Capital Asset, this item will include the estimated costs to the City of not implementing the project,



including estimated costs to maintain or expand an existing Capital Asset or the cost avoidance due to replacement of an existing Capital Asset, potential conflicts with regulatory requirements, or other potential costs if the project is not implemented.

- 13) Possible alternatives to the project which could achieve the same or similar objectives. For projects that have viable alternatives, including using an existing facility to fulfill the uses envisioned by the proposed project, or contracting with an outside organization to provide the functions the proposed project would fulfill, this item will include descriptions of the potential alternatives. This item will also include a present worth comparison of the life cycle costs of the alternatives, including estimated capital costs, annual operating and maintenance costs, asset preservation costs, and revenues.

B. Application of fiscal note requirements to certain categories of New or Expanded Capital Projects is clarified as follows:

- 1) If the project is funded via the annual budget and CIP cycle, fiscal note information will be provided through the CIP.
- 2) If the project is funded outside the annual budget and CIP cycle, fiscal note information will be provided in the form of a project-specific fiscal note submitted with the funding request.
- 3) A business case and financial benefit-cost analysis will be prepared for any information technology investment that is categorized as a Capital Project.
- 4) For Partner Projects, the department proposing the project will include the additional risk analysis and fiscal analysis described in Attachment 1 to this Exhibit, and implement the following practices:
 - a. *Written Assurances.* The department proposing the Partner Project will obtain written funding assurances from the Partner Entity (whenever possible) before proceeding with construction. The department should seek City Attorney advice early in its development of Partner Projects and the associated funding assurances. For Partner Projects in the City's Six-Year CIP, the Council does not intend to appropriate funds for the construction phase, or may impose a budget proviso on projects that do not have written funding assurances. It is anticipated that construction appropriation will be provided or the proviso will be lifted only after written assurances are obtained or the City Council receives a written explanation of the reasons for, and financial risks associated with proceeding without such assurances.
 - b. *Public availability of additional risk analysis and fiscal analysis.* The additional analysis in Attachment 1 shall be completed prior to Council consideration of an ordinance authorizing a Partner Project, and prior to the time the City commences formal contract negotiations with Partner Entities.

The Department of Finance will make the analysis available to the Council and to the public, and will post the document on the City's website.

- c. *Re-evaluation of additional risk analysis and fiscal analysis.* The completed risk analysis and fiscal analysis should be re-evaluated by the Executive department implementing the Partner Project three to five years after project completion to determine the extent to which anticipated City costs and public benefits have been met.



Attachment 1 to Exhibit A

**ADDITIONAL RISK ANALYSIS AND FISCAL ANALYSIS FOR NON-UTILITY
PARTNER PROJECTS**

1. Project Identification.

Describe the project identification process and how the project came to the City's attention (such as through a Request for Proposal, unsolicited proposal, or other means).

2. Need for Participation of a Partner Entity.

Explain why the project is best accomplished jointly with the Partner Entity, instead of having the City (or its Partner Entity) pursue the project alone. Be sure to explain any cost implications (savings or increases) associated with the Partner Project compared to the City pursuing the project alone.



3. Selection of the Partner Entity.

Describe the proposed Partner Entity. Explain the entity's internal management structure and how it plans to undertake its role in the project. Does the entity have experience with similar projects? Have those similar projects been successful (e.g. completed on time, met financial targets, etc.)? What is the City's previous experience working with the entity?

4. Public Benefits of the Partner Project.

Name the specific benefits that the City and the public will receive in return for the City's participation in this project.



5. Financial Plan.

Summarize the financial plan for the project, including:

- the financial responsibilities of the City and the Partner Entity,
- the level of confidence in the financial information at this point in the project, the assumptions used for cost and revenue estimates, and
- whether assumptions account for revenue variations due to factors such as concession revenues, competition, or the state of the future economy.

Also identify who developed the cost and revenue estimates and whether the estimates have been independently reviewed.

6. Risks if Partner Entity doesn't fulfill its funding responsibilities.

Explain the risk that a Capital Commitment by the Partner Entity will not arrive at the time or in the amounts expected. If there is moderate to significant risk, show a lower level(s) of partner funding that might reasonably occur and how the project scope, timing, or other factors would be adjusted to address the shortfall. Would the City be expected to fill any resulting funding gap? Is City receipt of funds from the Partner Entity dependent on performance beyond our control? If so, what does the funder need to do to get the money?



7. Risks if Relationship with the Partner Entity is Dissolved.

Explain how assets and liabilities will be distributed if and when the project ends or the relationship with the Partner Entity is dissolved. What are the risks if the project is left incomplete (such as public hazards, environmental risk, or non-functioning facility)?

8. Assurances

The anticipated terms of the agreement that govern City and Partner Entity responsibilities for funding and completing the project? Explain how risks will be shared between the Partner Entity and the City and the safeguards to be incorporated into written assurances to protect City interests including:

- responsibilities for managing revenues and expenditures;
- the mechanism(s) to prevent/respond to cost overruns, schedule delays, and poor quality construction;
- the City's recourse if the Partner Entity doesn't perform; and
- the method for making payments by or to the City (paid only after completion, progress payments, payment to third party, payment pursuant to legal settlement or court action or property sale).



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Legislative	Meg Moorehead 4-8929	

Legislation Title:

A RESOLUTION concerning Capital Projects; adopting updated capital and asset preservation policies for the City of Seattle, setting a time frame for submittal of a Strategic Capital Agenda, establishing new hearing procedures for certain Capital Projects with private partners to replace those procedures adopted in Resolution 30096 pursuant to the 1999 settlement agreement in CLEAN, et al., v. City of Seattle, and superseding Resolutions 30365, 30072, and 30096.

• **Summary of the Legislation:**

The resolution updates policies for non-utility capital projects, including policies requiring City risk assessment and financial evaluation to be conducted when the City undertakes a capital project with a private entity. The resolution also replaces Resolution 30096 public hearing requirements (also called "CLEAN" hearings) with updated hearing procedures for large projects with private partners. The resolution also requests that a Strategic Capital Agenda (as described in the updated capital policies) be submitted to the Council in 2011.

• **Background:** *(Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable):*

Policies guiding non-utility capital projects, long-term capital planning, City projects with private partners, and hearing procedures for large projects were established in several resolutions adopted several years ago. Some of those capital policies are outdated or cumbersome. Others were recommended to be changed in a 2008 City Auditor's report regarding the procedures followed when the City undertakes a capital project with a private entity. This resolution updates and consolidates capital policies from several previous resolutions. It responds to Auditor recommendations by updating policies for City projects undertaken with a private entity or other government. It also refocuses public hearings for large projects on City projects (including utility projects) with private partners. Finally, the resolution requests that a tool for long-term planning described in the updated capital policies, the Strategic Capital Agenda, be submitted to the Council in 2011.

• *Please check one of the following:*

This legislation does not have any financial implications. *(Stop here and delete the remainder of this document prior to saving and printing.)*

This legislation updates capital policies that have been in place for several years and is not anticipated to have additional financial implications.



The Seattle Times



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Affidavit of Publication

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STATE OF WASHINGTON
Counties of King and Snohomish

The undersigned, on oath states that he/she is an authorized representative of The Seattle Times Company, publisher of The Seattle Times of general circulation published daily in King and Snohomish Counties, State of Washington. The Seattle Times has been approved as a legal newspaper by orders of the Superior Court of King and Snohomish Counties.

The notice, in the exact form annexed, was published in the regular and entire issue of said paper or papers and distributed to its subscribers during all of the said period.

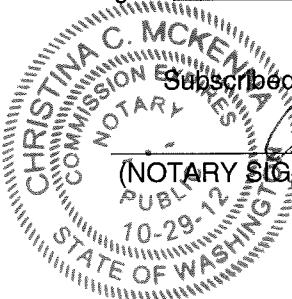
Newspaper	Publication Date
The Seattle Times	05/12/10

Agent Debbie Collantes Signature Debbie Collantes

Subscribed and sworn to before me on May 12th 2010

(DATE)

Christina C McKenna
(NOTARY SIGNATURE) Notary Public in and for the State of Washington, residing at Seattle



The Seattle Times



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Re Advertiser Account #36779002

Ad # 789307100

Ad TEXT: -City of Seattle
Notice of Public Hearing
RESOLUTION 31203
Updates to Non-Utility
Capital Policies and
CLEAN Hearing Procedures
Seattle City Council's
Finance and Budget Committee
Tuesday, June 15, 2010, 9:30
a.m.
City Council Chamber,
2nd Floor, City Hall,
600 4th Avenue, Seattle
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Finance and Budget
Committee will hold a public
hearing regarding
proposed legislation that would:

- Consolidate non-utility capital
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- Respond to the 2008 City
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- Request that a long-term
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Agenda, be
submitted to Council as soon as
is practicable,
in 2010 or early 2011.

The full text of Resolution 31203
is available

online at <http://clerk.seattle.gov>
Additional information about
this resolution is
available from Councilmember
Godden's office at
206-684-8807.

Publication Ordered by Carol
Shenk, City Clerk

STATE OF WASHINGTON – KING COUNTY

--SS.

257182
CITY OF SEATTLE, CLERKS OFFICE

No.

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

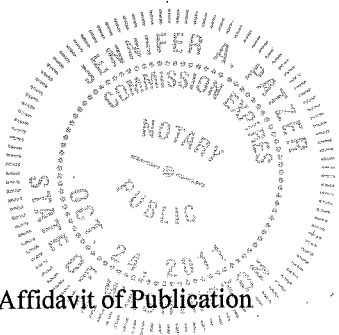
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:31203 RESOLUTION

was published on

07/07/10

The amount of the fee charged for the foregoing publication is the sum of \$ 354.90, which amount has been paid in full.



Affidavit of Publication

A handwritten signature in black ink, appearing to be "M. J. ...", written over a horizontal line.

Subscribed and sworn to before me on

07/07/10

A handwritten signature in black ink, appearing to be "Jennifer A. Patzer", written over a horizontal line.

Notary public for the State of Washington,
residing in Seattle

City of Seattle

RESOLUTION 31203

A RESOLUTION concerning Capital Projects; adopting updated capital and asset preservation policies for the City of Seattle, setting a time frame for submittal of a Strategic Capital Agenda, establishing new hearing procedures for certain Capital Projects with private partners to replace those procedures adopted in Resolution 30096 pursuant to the 1999 settlement agreement in *CLEAN, et al. v. City of Seattle*, and superseding Resolutions 30365, 30072, and 30096.

WHEREAS, as a result of the Citizen's Capital Investment Committee's work on planning and funding for the City's capital projects, the Council adopted Resolution 28947 on August 8, 1994, outlining a strategic capital investment process for the City's capital assets; and

WHEREAS, on August 8, 1994, the Council passed Ordinance 117255 related to capital projects funding and establishing a requirement that a fiscal note be prepared to accompany the funding proposal for any major new or expanded capital project; and

WHEREAS, on September 20, 1999, the Council adopted Resolution 30025 adopting a Strategic Capital Agenda for the period 1999-2004; and

WHEREAS, on November 22, 1999, the Council adopted Resolution 30072 approving general guidelines for improving public knowledge of City partnerships with private and public entities; and

WHEREAS, on December 13, 1999, the Council adopted Resolution 30096, concurring with the Mayor's Standard Operating Procedure regarding notice and hearing procedures for certain major capital projects; and

WHEREAS, on February 14, 2000, the Council adopted Resolution 30121, endorsing the City of Seattle Environmental Management Program's Sustainable Building Policy; and

WHEREAS, on August 6, 2001 the Council adopted Resolution 30365, adopting updated capital and asset preservation planning and funding policies for the City of Seattle; and

WHEREAS, on January 17, 2008 the Office of City Auditor published *External Funding of Capital Projects*, which recommended updating the City's capital policies; and

WHEREAS, on September 9, 2008, the Council adopted Resolution 31083, adopting revised financial policies for the Cumulative Reserve Subfund of the General Subfund; and

WHEREAS, the City Council and the Mayor are committed to high standards of financial management; and

WHEREAS, adopting and periodically updating and revising capital policies are important steps towards assuring consistent and rational financial management; and

WHEREAS, the City Council and Mayor have reviewed the City's capital and asset

preservation planning and funding policies and wish to update, clarify, and in certain instances, change the policies; NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR CONCURRING, THAT:

Section 1. Terms used in this resolution, including Attachment A, are defined as follows:

ASSET PRESERVATION PROJECT. A Capital Project that preserves the ability of an existing Capital Asset to perform the functions for which it is currently being used. Examples of Asset Preservation Projects include, without limitation, the following:

A. Structural repairs, such as major roof repairs.

B. Replacement of facility subsystems (e.g., HVAC, electrical systems, irrigation systems) when the subsystem has failed, is obsolete beyond repair, or when subsystem replacement is a more cost-effective long-run option than continued maintenance.

C. Replacement of the Capital Asset when replacement is a more cost-effective long-run option than continued maintenance.

D. Facility modifications required to maintain employee or user safety in an existing building (e.g., removing asbestos, installing security lighting, installing fire alarms).

E. Facility modifications required by Federal, State, County, or City law.

CAPITAL ASSET. Tangible property, including without limitation, land, improvements to land, easements, buildings and other structures, building improvements, and fixtures such as machinery and equipment.

CAPITAL COMMITMENT. Any financial commitment to a Capital Project, including without limitation an appropriation, contract, cash expenditure, or guarantee. Interest on City debt is not included within the definition of Capital Commitment.

CAPITAL PROJECT. (1) Any project that is in or proposed to be added to the City's Six-Year Capital Improvement Program (CIP), or (2) any project of a Partner Entity that a) concerns the purchase, construction, maintenance, repair, renovation or redevelopment of a Capital Asset, and b) in which the City has made or intends to make a Capital Commitment.

CITY-PRIVATE PARTNER PROJECT. A Partner Project with a non-governmental Partner Entity except for:

A. An emergency project that would qualify for an expenditure by 2/3 vote of the Council under RCW 35.32.A.060 (1) and (2); or

B. A program of capital improvement (such a project that funds repaving at several different locations each year) that only collectively reaches the level of Capital Commitment that would have qualified it as a Partner Project.

NEW OR EXPANDED CAPITAL PROJECT. (1) A Capital Project that is proposed to be added to the City's Six-Year CIP for the first time, or (2) a Capital Project that is currently in the City's Six-Year CIP and is proposed to be significantly expanded in scope or expenditure, or (3) a Partner Project in which the City proposes to make a new Capital Commitment or significantly expand its Capital Commitment.

PARTNER ENTITY. Any governmental agency, and any non-governmental person, association or entity that shares or is proposed to share funding or implementation responsibility with the City for a Partner Project.

PARTNER PROJECT. A Capital Project that has, or is proposed to have:

A. A City Capital Commitment of at least \$5 million in 2010 dollars;

B. A Capital Commitment by both the City and a Partner Entity for activities other than housing development or street vacations; and

C. At least \$1 million (in 2010 dollars) of Capital Commitment in the project by a Partner Entity, except that funds received by the City from a governmental Partner Entity in the form of a grant or loan shall not be considered a Capital Commitment by a Partner Entity.

The dollar amounts set forth in this definition and elsewhere in this resolution shall be adjusted annually, as part of the City's proposed budget, to be consistent with any changes in the Seattle-Tacoma-Bremerton Consumer Price Index (CPI).

UTILITY-PRIVATE PARTNER PROJECT. A Partner Project in which a City utility partners with a non-governmental Partner Entity that is not a publicly regulated private utility.

Section 2. Resolution 30365 and Resolution 30072 are hereby superseded in their entirety, and the Capital and Asset Preservation Planning and Funding Policies attached to this resolution (as Exhibit A) are hereby adopted. Except as provided in Section 3, the policies shall be followed by the Executive for any New or Expanded Capital Project or Asset Preservation Project before it is proposed for Council approval.

Section 3. The policies established by this resolution do not apply to the City's utilities, except for the notice and hearing procedures in Sections 5 and 6. The City's utilities are excluded from the other parts of these policies because they have separate funding sources for their capital programs, and decisions about utility Capital Projects are made through the rate setting process.

Section 4. The City Council requests that the Executive submit a proposed Strategic Capital Agenda (as described in Exhibit A) as soon as is practicable, either in 2010 or early 2011.

Section 5. The Standard Operating Procedures regarding notice and hearing procedures for certain major capital projects, previously adopted via Resolution 30096, are hereby superseded in their entirety and replaced with the following requirements:

A. A Council Committee will conduct a public hearing prior to its approval of a proposed City-Private Partner Project or Utility-Private Partner Project.

B. The public hearing will occur before Council passage of the first ordinance that either:

Commits the City (or authorizes the executive branch to commit the City) to spend at least \$5 million (in 2010 dollars) on the project, or

Appropriates at least \$5 million (in 2010 dollars), or brings the cumulative appropriations for that project above that amount, whichever comes first.

C. Public notice will be provided at least 30 days in advance of the public hearing on the City-Private Partner Project or Utility-Private Partner Project. At minimum, the notice will include a brief description of the proposed project; the proposed dollar amount of the City's Capital Commitment to the project; the date, time, and place of the public hearing; and a phone number, e-mail address or mailing address where additional information about the hearing may be obtained. The City Clerk will post the public notice on the City's website and ensure that the public notice is published in the City's official newspaper.

D. The fiscal note for the legislation approving the City-Private Partner Project or Utility-Private Partner Project, and documents referenced in the fiscal note, will be made available to the public at least 30 days in advance of the public hearing on the project.

Section 6. New Capital Projects in the City's Six-Year CIP with a proposed Capital Commitment of at least \$5 million (in 2010 dollars), and Capital Projects with a proposed expansion that increases the Capital Commitment to at least \$5 million (in 2010 dollars), but which otherwise do not meet the criteria for public hearings in Section 5 above, will be identified in an appendix to the City's Six-Year CIP by the Finance Director when he or she transmits the proposed annual budget.

Adopted by the City Council the 21st day of June, 2010, and signed by me in open session in authentication of its adoption this 21st day of June, 2010.

Richard Conlin
President of the City Council

Filed by me this 21st day of June, 2010.

Exhibit A: Capital and Asset Preservation Planning and Funding Policies

Attachment 1 to Exhibit A: Additional Risk Analysis and Fiscal Analysis for Non-Utility Partner Projects

See City Clerk for Exhibit

Publication ordered by the City Clerk
Date of publication in the Seattle Daily Journal of Commerce, July 7, 2010.

7/7(257182)

of W a s h i n g t o n C o u n t y

The Seattle Times



seattletimes.com

PO Box 70, Seattle, WA 98111

31203

FILED
CITY OF SEATTLE

10 MAY 14 PM 2:27

CITY CLERK

SEATTLE CITY OF/CITY CLERK
ATTN JUDITH PIPPIN
PO BOX 94728
SEATTLE, WA 981244728

Re: Advertiser Account #36779002
Ad #: 789307100

Affidavit of Publication

4076609 / 2

STATE OF WASHINGTON
Counties of King and Snohomish

The undersigned, on oath states that he/she is an authorized representative of The Seattle Times Company, publisher of The Seattle Times of general circulation published daily in King and Snohomish Counties, State of Washington. The Seattle Times has been approved as a legal newspaper by orders of the Superior Court of King and Snohomish Counties.

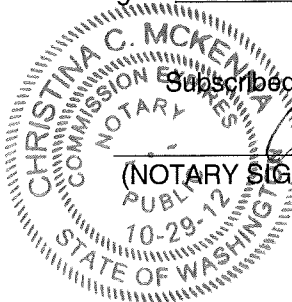
The notice, in the exact form annexed, was published in the regular and entire issue of said paper or papers and distributed to its subscribers during all of the said period.

Newspaper	Publication Date
The Seattle Times	05/12/10

Agent Debbie Collantes Signature Debbie Collantes

Subscribed and sworn to before me on May 12th 2010
(DATE)

Christina C McKenna
(NOTARY SIGNATURE) Notary Public in and for the State of Washington, residing at Seattle



The Seattle Times



seattletimes.com

Re Advertiser Account #36779002

Ad # 789307100

Ad TEXT - City of Seattle
Notice of Public Hearing
RESOLUTION 31203
Updates to Non-Utility
Capital Policies and
CLEAN Hearing Procedures
Seattle City Council's
Finance and Budget Committee
Tuesday, June 15, 2010, 9:30
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City Council Chamber,
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Additional information about this resolution is available from Councilmember Godden's office at 206-684-8807.
Publication Ordered by Carol Shenk, City Clerk

The Seattle Times



seattletimes.com

PO Box 70, Seattle, WA 98111

31203

FILED
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10 MAY 14 PM 2:26
CITY CLERK

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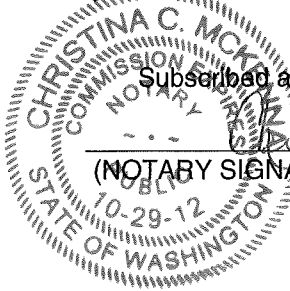
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