

King County Auditor's Office


Kymber Waltmunson, King County Auditor



King County

DATE: September 13, 2016

TO: Metropolitan King County Councilmembers

FROM: Kymber Waltmunson, King County Auditor 

SUBJECT: Capital Projects Oversight Recommendations: Metro Transit Facilities Expansion Projects – 2017-2018

In light of Transit's significant facilities expansion capital improvement program request, Council may wish to consider prioritizing unimplemented recommendations made by the Auditor's Office in 2005, 2009, and 2015 to form a solid basis for Transit's 2017-2018 proposed capital budget. We identify three issues in this memo:

- 1) Facilities planning
- 2) Project management tools
- 3) Organizational capacity

1) Transit's \$527 million facilities expansion proposal¹ should be based on strong comprehensive facilities planning. Transit is proposing a significant capital improvement budget in 2017-2018 that begins four major facilities expansion projects estimated at \$527 million when done. These projects require siting decisions and property acquisition in urban locations. Decisions regarding size and location of these expansions should be based on a comprehensive, long-term evaluation of Transit's facility needs to assure that costly expansions meet long-term transportation, land use, and community needs. If comprehensive planning is not completed before significant facilities expansions, the County runs the risk of not making the best use of public funds by locating and constructing facilities that are potentially inefficient and may not be ideally suited for the receiving communities.

Transit should implement our facilities master planning recommendations prior to embarking on this major capital program. The Auditor's Office has identified need for a comprehensive facilities master plan to guide Transit's capital projects and asset management three times in the past 12 years without implementation by Transit.² Facilities planning is needed to guide priorities, schedule, and location of expensive facilities. Before Transit commits to significant decisions regarding type, size, and location of facilities, it should complete comprehensive facilities master planning. This process should include, as appropriate, public input and Council approvals.

2) Transit's proposed capital program requires robust and transparent project management. Transit estimates its proposed facilities expansion projects will spend over \$147 million in 2017-2018 and require \$527 million to complete by 2030. Projects of this size and type present significant risks associated with control of scope, schedule, and budget. To reduce these risks, Transit should apply strong project management tools that are transparent and allow oversight.

¹ See Appendix A for details on four proposed facilities expansion projects.

² See Appendix B for prior recommendations from 2005, 2009, and 2015.

Transit should implement our recommendation to complete its Capital Management and Reporting System (CMRS) by early 2017 as committed.³ Transit is planning to implement a CMRS to track and manage capital and asset management projects. Transit has indicated that CMRS will be available for use early in 2017 to manage projects during the 2017-2018 biennium. The Auditor's capital projects oversight team will use information from CMRS to assess individual project and overall capital program progress. The CMRS should be functional to track and report project performance before any significant 2017-2018 facilities capital projects begin the pre-design phase.

3) Capacity to complete projects will be critical for the planned large and complicated facilities. The effort needed to deliver Transit's new proposed facilities projects requires significant organizational, staff, and outside resource capacity. Transit estimates it may need approximately 30 new professional and project support staff and significant consultant services.⁴ Expanding staff and increasing the use of consultants to address this surge of capital project activity requires advance planning. This planning helps assure that hiring, training, and transition/succession plans are effective. Without this planning, the County risks not making the most effective use of funds and possibly impacting labor relations.

Transit should expand and implement our recommendation to resolve barriers to project delivery as quickly as possible. Transit's capacity to deliver this significant facilities capital program should be supported by a strategic approach to staffing and consultant usage. Our existing recommendation to develop and document a comprehensive strategy to resolve barriers was focused on our audit of Transit's asset management project delivery.⁵ With Transit's proposed capital program expansion, however, our recommendation for this comprehensive strategy should be expanded and accelerated to address Transit's capacity to deliver this surge of capital projects. This recommendation matches the 2014 American Public Transportation Association peer review recommendations for Transit's capital and project staffing.⁶

Before Transit makes hiring decisions or continues forward with consultant selection it should complete a formal staffing and consultant resources plan for the 2017-2018 capital budget. This plan does not replace our recommendations regarding asset management project delivery but could be used as a model to plan long-term staffing and resources needs for all of Transit's capital and asset management programs.

cc: Harold Taniguchi, Director, Department of Transportation (DOT)
Rob Gannon, Transit Interim General Manager, DOT
Carolyn Busch, Chief of Staff, King County Council (KCC)
John Resha, Policy Staff Director, KCC
Paul Carlson, Principal Legislative Analyst, KCC

Attachments: Appendix A: Proposed Transit Facilities Expansion Projects
Appendix B: Recommendations from Past Transit Performance Audits and Peer Review

³ See Appendix B, December 8, 2015 report, Recommendation 1.

⁴ Staffing/consultant assumptions were obtained from conversation with Transit project management staff on August 18, 2016.

⁵ See Appendix B, December 8, 2015 report, Recommendation 2.

⁶ See Appendix B, July 2014 APTA Recommendation.

Appendix A

Proposed Transit Facilities Expansion Projects

Project Name	Description ⁷	2017-18 Estimated Cost (millions) ⁸	Total Estimated Project Cost (millions) ⁹	Estimated Completion Date
8th Base	Increase bus parking and maintenance capacity by siting and building a new bus base in south King County.	\$28.5	\$190	2030
South Base Expansion	Increase bus parking and maintenance capacity at the South base by acquiring adjacent properties and constructing additional facilities.	\$47.2	\$116.5	2025
Central Base Expansion	Increase bus parking and maintenance capacity at the Central-Atlantic base by acquiring adjacent properties and constructing additional facilities.	\$60	\$124.2	2026
Downtown Seattle Layover Facilities	Add interim and long-term bus layover facilities in South Lake Union and Pioneer Square/International District by siting and potentially constructing 12 interim and 40-55 long-term bus layover spaces.	\$11.8	\$96.3	2022
Totals		\$147.5 million	\$527 million	

⁷ Project descriptions are based on information presented by Transit in Project Risk Assessment Scoring conducted in July 2016.

⁸ 2017-2018 estimated costs are from July 27, 2016 Joint Advisory Group presentation by PSB staff.

⁹ Total estimated project costs are from project risk scoring information provided to KCAO as of July 25, 2016.

Appendix B

Recommendations from Past Transit Performance Audits and Peer Review

Audit Report	Recommendation
<p>September 13, 2005</p> <p>Transit Capital Planning and Management Performance Audit</p>	<p><u>Recommendation 3</u>: The Transit Division should develop a comprehensive facility master plan and designate a schedule for periodically updating the plan.</p>
<p>September 15, 2009</p> <p>Performance Audit of Transit</p>	<p><u>Recommendation A10</u>: In its 2010 update to the Transit Comprehensive Plan, Transit should ensure that it fully incorporates all elements of facility master planning. This is comparable to a recommendation made in 2005.</p>
<p>July 2014</p> <p>American Public Transportation Association (APTA) Peer Review for Metro</p>	<p><u>Recommendation</u>: Review staffing levels and functions of the Metro Design and Construction group for appropriate alignment to current and projected capital program requirements.</p>
<p>December 8, 2015</p> <p>Transit Asset Management: Improvements Needed to Meet Workload</p>	<p><u>Recommendation 1</u>: Transit should ensure that the Capital Management and Reporting System (CMRS) is fully integrated with financial and asset management systems and is ready to manage projects in the 2017-2018 biennium. Transit should further ensure that the CMRS effectively tracks performance of capital projects as well as offering reporting capability to outside users.</p>
	<p><u>Recommendation 2</u>: Transit should develop and document a comprehensive strategy to resolve barriers to asset maintenance project delivery, including staffing levels, qualifications, organizational culture and structure, and develop a timeline and description of steps it will take to resolve those barriers. These steps should be done in time to support the implementation of the 2017-2018 budget.</p>
	<p><u>Recommendation 4</u>: As we recommended in 2005 and again in 2009, Transit should complete a robust asset management plan that outlines the agency's goals, objectives, activities, roles, responsibilities, and timelines, all of which should be guided by an overarching strategy that defines an expected level of service the agency is expected to deliver. Transit should begin by updating its definition of state of good repair and identifying performance metrics that can demonstrate the effectiveness of its activities.</p>