



KING COUNTY AUDITOR'S OFFICE

October 22, 2018

Second Follow Up on Courthouse Revitalization Audit

TO:

Metropolitan
King County
Councilmembers

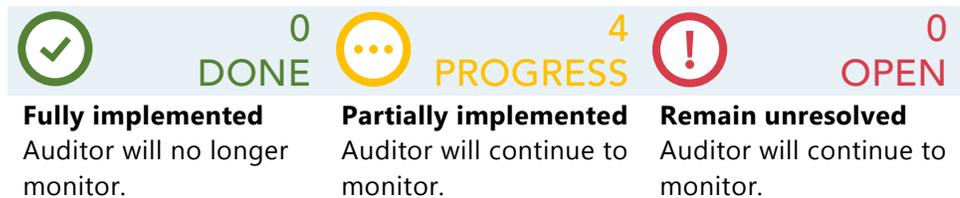
FROM:

KyMBER Waltmunson,
County Auditor

The County Executive and its Facilities Management Division have made limited progress in downtown civic campus planning and some important life safety issues remain unaddressed. The Facilities Management Division (FMD) and the County Executive's team intend to complete the first phase of civic campus planning work by January 2019, several months later than originally planned, as shown in Exhibit A. The Department of Executive Services hired a consultant on April 23, 2018, to determine future operational space needs, related facility requirements, and begin real estate strategies to make the civic campus vision a reality. The original schedule for completing the first phase effort was June 2018. Comprehensive civic campus planning work and final recommendations for the preferred courthouse revitalization option will not be complete for at least two more years, assuming the 2019-2020 budget funds the County Executive's \$2.97 million future phase proposal. In the interim, there may be increased risk of building systems failing until the county makes revitalization investments following completion of all civic campus planning. Likewise, without short-term investments, the cost of repairing and maintaining deficient building systems will likely increase due to further deterioration over time.

Continued, uninterrupted progress on recommendations from our August 25, 2015 letter to Council—discussed below—will help give decision-makers a more accurate basis to determine the best alternative to fund system repairs in the courthouse and help courthouse tenants understand potential risks identified by FMD and its consultants. Similarly, FMD should make uninterrupted progress on the short-term, immediate repair recommendations outlined in its Building Systems Report submitted to Council in August 2016, which contain unresolved safety risks.

There were five recommendations in the 2015 letter, one of which FMD completed implementation of as documented in our April 2017 follow-up. Of the remaining four audit recommendations:



Please see below for details on the implementation status of these recommendations.

EXHIBIT A: Phase 1 civic campus planning work is six months behind its original schedule



Source: King County Auditor's Office

Recommendation 2

PROGRESS

The County Executive should determine the future space needs of the downtown campus and update the Real Property Asset Management Plan as mandated by King County Code 20.12.100.

STATUS UPDATE: While the civic campus planning work is progressing, interim reports have yet to produce the future space needs of the county. As part of Phase 1 of the civic campus planning project, the County Executive created an Operational Needs Task Force in September 2018. The operational needs assessment requires evaluating use of space in eight county facilities and determining opportunities on two vacant parcels of land owned by King County.

By January 2019, this task force plans to complete its space needs projection for county organizations for the year 2025 and beyond. This facilities forecast will not be available until after the 2019-2020 county budget deliberations are finished—six months behind the original schedule communicated to Council—placing Council in the position of being asked to fund future civic campus work based on limited information. Following Phase 1 of civic campus planning, the County Executive intends to create a facilities master plan within a downtown campus concept over an approximate 24-month period as indicated by prior FMD presentations to Council.

To complete the implementation of this recommendation, FMD needs to develop a facilities requirements assessment and identify gaps in facility requirements into its Real Property Asset Management Plan (RAMP) based on the operational needs analysis. The next required RAMP update is due in 2020, as indicated by FMD's 2017 Facilities Condition Index (FCI) Report.

Recommendation 3

PROGRESS

The County Executive should conduct and report on a thorough alternatives analysis that compares the status quo of maintaining the current courthouse to other viable alternatives based on the future needs of the downtown campus, the updated Real Property Asset Management Plan (RAMP), and input from stakeholders.

STATUS UPDATE: The King County Council authorized \$680,000 in 2016, for the County Executive to perform Phase 1 of downtown campus planning efforts. The planning work is nearly six months behind its original June 2018 target for completion, which potentially delays courthouse building system investment decisions, risking further deterioration of outdated equipment. Phase 1 includes a long-term space needs analysis, outlines real estate opportunities, creates an internal county stakeholder steering group, and assembles external community partners to facilitate visioning of the future King County campus.

Future planning phases involve a formal alternatives analysis for long-term county facilities requirements in downtown Seattle and will take about two years to complete following Phase 1 campus planning. The County Executive's 2019-2020 budget request for \$2.97 million to complete this next phase of downtown campus planning work is generally consistent with FMD presentations to the Council in February and September 2017. A thorough alternatives analysis allows for informed decision-making about investments in the downtown campus. This analysis could reveal options that address funding and operational challenges, which could lead to the best option for revitalizing the courthouse.

To complete the implementation of this recommendation, the County Executive will need to document a thorough alternatives analysis based on the future needs of the downtown campus, clearly communicate the short and long-term revitalization investment strategy for the courthouse, and meet the civic campus project schedule.

Recommendation 4

PROGRESS 

Facilities Management Division should conduct and document risk management planning to maintain county services in the courthouse for the number of years it will take to thoroughly explore alternatives and complete the systems revitalization or other alternative project.

STATUS UPDATE: The County Executive submitted FMD's Building Systems Report and accompanying Clark Report, prepared by Clark Design Group, PLLC, to Council on August 22, 2016. These reports identified a \$31.5 million immediate, short-term repair strategy to a variety of building systems (see Exhibit B), some of which pose life-safety risks. Important unfunded life-safety issues identified in this report are: adequate water mains to the courthouse for fire suppression, installing proper working fire dampers and smoke hatches, and fire-stopping wall and floor penetrations. Further, the 2016 Building Systems Report stated that an interim repair plan should assume continued operations in the courthouse for the next 10 years with the understanding that civic campus planning and broader facilities investment options would take approximately this long to come to fruition.

FMD plans to use the major maintenance reserve fund (MMRF) prioritization process and the short-term repair list in the Building Systems Report to manage risk in the courthouse over the time needed to implement an alternative. FMD's consultants identified priority projects such as the electrical distribution system, the water distribution system, and the fire suppression system. In August 2016, the Executive made an emergency declaration to allow FMD to replace key electrical system components, for which Council appropriated up to \$11.6 million. Contractors hired by FMD completed this electrical work in 2017. Additionally, FMD improved water circulation and removed abandoned, dead-end pipe segments in 2017 and 2018. FMD remediated water pipe hazards by spending approximately \$400,000 of its annual maintenance funds.

EXHIBIT B: Short-term repair strategy listed in Building Systems Report, 2015-2016

REPAIRS	COST ESTIMATE	CURRENT STATUS	LIFE SAFETY
Plumbing/Hot Water *	\$2.4 million	Partially Done	⚠
Electrical/Bus Duct	\$9.3 million	Complete	⚠
HVAC (including smoke dampers & hatches)	\$10.4 million	Not Yet Planned	⚠
Vertical Transportation	\$1.6 million	Not Yet Planned	
Interior Finishes	\$1.5 million	Not Yet Planned	
Exterior Closure	\$6.3 million	Not Yet Planned	
TOTAL	\$31.5 million		

*Includes adequate fire suppression water supply to the courthouse

Source: King County Auditor's Office

According to FMD, the MMRF is not available for funding further work at the courthouse. FMD produced a 2017 Facility Condition Index (FCI) Report which explains a rapidly growing gap between funding and the cost of remediating accumulated facility deficiencies. This presents a growing risk to both visitors and occupants at the courthouse with unmitigated safety deficiencies. Critical building systems are already past their useful life and will remain so until the full civic campus alternatives analysis is finished and the County invests in broader system repairs.

To complete this recommendation, the County Executive and FMD should reassess unfunded repairs, identified in Exhibit B, and document how risk management planning efforts in the courthouse align with the timeline for an alternatives analysis. Per FMD's consultant recommendations contained in the Building Systems and Clark reports, the County Executive should assume continuing operations in the courthouse until the year 2025, at a minimum.

Recommendation 5

PROGRESS 

Facilities Management Division should work with courthouse tenants and other stakeholders to understand, develop, and document action plans to mitigate potential impacts to operations in the event of failure of building systems.

STATUS UPDATE: FMD has communicated with tenants and stakeholders about risks and impacts to operations for specific projects, like the electrical distribution system project. FMD relayed to tenants, for example, not to overload the electrical system with portable space heaters in employee offices. FMD's tenant service level agreements also provide direction to agencies about how to reduce their impact on building systems. However, these agreements do not give specific information about courthouse system risks identified in the Building Systems Report, nor are the agreements specific to the risk mitigation strategies planned or the timeline for completing the alternatives analysis.

This approach might leave tenants without knowledge of FMD's risk management priorities as well as strategies tenants could employ to help keep the building operational until the County funds a courthouse revitalization project. FMD has an opportunity to educate tenants on building system risks since all major tenants have representatives serving on the 2018 Operational Needs Analysis Task Force.

To complete this recommendation, FMD needs to conduct and document tenant education regarding major system risks and potential tenant mitigating actions.

Elise Garvey, Management Auditor; Michael Bowers, Capital Projects Oversight Analyst; and Brooke Leary, Senior Principal Management Auditor, conducted this review. Please contact Michael Bowers at 206-263-6900 if you have any questions about the issues discussed in this letter.

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