MEMORANDUM

DATE: March 5, 2009

TO: King County Government Accountability and Oversight Committee

FROM: Cheryle A. Broom, County Auditor

SUBJECT: Data Center Relocation Monthly Oversight

Attached is the third Data Center Relocation monthly status report prepared by the Facilities Management Division (FMD) and the Office of Information Resource Management (OIRM). Oversight of this project was added to the King County Auditor's Office (KCAO) work program under the Capital Projects Oversight (CPO) program in September 2008. Oversight is being conducted through monthly meetings with the project team, review and comment on status reports, and discussion of emerging risks on this project. This memo provides a review of the status of scope, schedule, budget, and risk for the Data Center Relocation project through December 2008.

Summary
The scope of the project will be changed to remove the first floor office space component. The project team is forecasting completion of the project on schedule. The project is anticipated to need a supplemental budget appropriation in 2009.

Scope
An amendment to the data center lease is being negoitiated to remove 3,982 square feet (s.f.) of office space. The attached status report shows the calculation of the $1,322,318 savings over the 12-year life of the lease resulting from this change.

The original project scope included 3,982 s.f. of office space on the first floor (3,402 s.f. work space and 580 s.f. storage space) for use by 25 OIRM staff who have historically been located adjacent to the data center at the Seattle Municipal Tower. These positions support the data center operations but do not need to have frequent physical access to the facility. There is available space for these staff in the existing OIRM offices in the Chinook Building, and relocation of some of these staff to the Chinook Building has already occurred. Adequate work space for the seven operators per shift that are necessary to be on-site at the data center is included in the original design of the second floor data center space and is not altered by this scope change. Neither OIRM nor FMD project team members have identified any negative impacts to this scope change.

The proposed revision to the lease is acceptable to the landlord. The county executive will notify council of the intent to modify the lease by separate letter. In addition to the reduction in lease costs, the county should realize some savings in the capital costs for the tenant improvement because of this change. The savings is expected to be a relatively small percentage of the overall tenant improvement costs because the office space tenant improvements were not extensive.

The lease cost savings presented should not be considered to be a net savings. Some incremental increases in operating and capital costs associated with locating the data center staff in the Chinook Building would be expected from increased staff travel between the data center in Tukwila and their downtown Seattle offices as well as some capital cost to prepare the Chinook Building for the additional staff. FMD reports that the Chinook Building space will require very little work to make it ready for occupancy by the additional OIRM staff. We will continue to monitor this issue.

Schedule
The baseline schedule for the project shows commissioning of the data center on May 22, 2009, finishing the physical move of county equipment from Seattle to Tukwila on October 12, 2009, and completion of the secondary fiber installation by April 6, 2010. Currently the project team is reporting that the project is on track to meet these milestones on or before the baseline schedule dates. Based on the information available at this time, we have not identified any major schedule concerns.

The relocation contractor is under contract as of December 18, 2008. This resolves a previously reported area of concern in the project delivery schedule. The contractor's scope of work includes development of a high-level and a detailed move plan. These deliverables will provide independent verification of the baseline schedule. We will monitor the work of the contractor and communicate any anticipated delays in the project schedule. A focus of oversight in the future will be to understand and communicate the cost impacts of any schedule delay and recommend additional mitigation strategies for the project team to consider.

Budget
This project has a total budget of $18,886,115 based on the current appropriations. Through December, expenditures have been $1,047,626 or approximately 5.5% of the project budget. These expenditures do not include any of the $9.5 million of tenant improvement costs which are due in one lump sum payment upon substantial completion of the construction. FMD had included the costs of the tenant improvement work as reported by the landlord in the graph titled "Cashflow: Actual Versus Planned Expenditure" on page 3 of the attached report. With the tenant improvement progress included, the project's expenditures are showing approximately $4 million above the planned expenditure for this time. This can be explained, in part, by the landlord's fast-track construction of the central infrastructure component of the tenant improvements to assure completion of the space according to the time frames required by the lease. At this time we have not identified any specific concern with this status; however, we will continue to monitor the tenant improvement and other actual project costs as compared to the the project plan.

Sufficient oversight has not been conducted to comment on the confidence in the forecast total project cost at completion. Independent verification of the cost estimate for the relocation component of the project is within the scope of the relocation contractor. We will monitor the

work of the contractor and communicate any anticipated increases in the estimated cost of the project. A focus of oversight in the future will be any cost increases anticipated and the project team's strategies to keep project costs within budget.

The total project budget shown on the attached report includes only the amount currently appropriated. The 2008 appropriation request for the project showed an anticipated need for additional appropriation in 2009 of approximately $1.4 million. No schedule for the submittal of this 2009 supplemental budget request has been given. OIRM is working with the relocation contractor to confirm the amount of additional appropriation needed to complete the project.

At this time none of the contingency funds have been used; however, $575,000 is shown as an encumbrance. This represents the estimated sales tax on the project. The inclusion of the sales tax in the contingency appropriation appears to have been an error that was corrected with the 2009 budget. FMD will show the corrected project budget in next month's report.

Risk
In December, the execution of the contract with the relocation contractor lessened the risk to the project schedule and budget that was reported last month. No new areas of risk were identified during the month.

We appreciate the collaborative efforts of FMD and OIRM in providing for effective oversight of the Data Center Relocation project consistent with council intent. No formal presentation of this monthly report has been scheduled for the Government Accountability and Oversight Committee. As with all CPO reports this will be placed on the KCAO website so it will be available to the public. Should you have questions or comments on the report, please contact me or Tina Rogers, the Capital Projects Oversight Manager.

CB:TR:jl

Attachment: Data Center Relocation, Facilities Management Division & Office of Information Resource Management, December 2008 Monthly Reporting

cc: Metropolitan King County Councilmembers
        Ron Sims, County Executive
        David Martinez, County Chief Information Officer
        Jim Buck, County Administrative Officer Designee
        Bob Cowan, Budget Office Director
        Kathy Brown, Director, Facilities Management Division
        Saroja Reddy, King County Council Policy Staff Director
        Mike Alvine, Senior Principal Legislative Analyst
        Mark Melroy, Senior Principal Legislative Analyst

DATA CENTER RELOCATION
Facilities Management Division & Office of Information Resource Management

December 2008 Monthly Reporting

Project Summary

The Data Center Relocation Project will create a dedicated King County facility in the new Sabey Data Center located in Tukwila, Washington. The project will develop approximately 7,500 s.f. of data space and 580 s.f. of storage. The total budget is $18.8 million which includes $9.9 million for tenant improvements. The Data Center currently resides in leased space in the Seattle Municipal Tower. Over the next 12 months the Facilities Management Division, Office of Information Management and the Sabey Company will collaborate on designing, constructing, equipping and relocating approximately 60% of the server capacity for King County government to this new, state-of-the-art facility. In addition, the project will provide 2 distinct, secure fiber lines to serve as the main and secondary connections between the Data Center and King County's wide area network in downtown Seattle. This new fiber line system will accommodate 100% of the County's needs with capacity for growth.

King County

<u>Progress Highlights</u>

- OIRM negotiations with the relocation consultant have concluded and work is scheduled to begin on January 20th 2009

- The Communication Protocol Document continues to be reviewed by the Project Sponsors, which include the Directors of OIRM, DES, Budget and FMD. A concurrent review by the Prosecuting Attorney's Office will begin.

<u>Key Issues</u>

- After thorough review, a conditional approval of the 80% design submittal package was granted by the project team. The project remains on schedule.

- The project continues to work cooperatively with the City of Seattle on installation of fiber lines. The Sabey Co. is under contract to implement a portion of this work. The work continues on schedule.

- There were no new project risk items identified in the month of December.

<u>Project Milestone Chronology</u>

- July 2008   Data Center Legislation Approved
- August 2008   King County Lease with the Sabey Data Center LLC
- August 2008   Sazan Contract – CM and Technical Consultant
- October 2008   Monthly Reporting to Auditor's Office and County Council
- November 2008   MOU Between FMD, OIRM and the Budget Office
- November 2008   Contingency Review Process established
- November 2008   Responsibility Matrix established
- December 2008   Relocation Consultant Contract Finalized

<u>Project Feature of the Month:</u> *Office Space Relocation*

The Data Center Relocation Project will be reducing 3,982 square feet of space designated for office use as part of the lease agreement with Sabey Data Center, LLC. This space will now be absorbed within existing OIRM offices located in the Chinook Building. Legislation establishing the scope of work for the data center relocation project was approved in July 2008 Ordinance No. 2008-0309. The scope of work provided for approximately 5700 square feet of data center space to be relocated from the Seattle municipal tower along with 580 sq of storage and 3982 for on-site office space.

As part of an effort to maximize the cost efficiency of the Data Center Project, OIRM began re-evaluating the need for this office space in the Sabey building. An alternative plan to locate staff within existing space in the Chinook Building was proposed. The executed lease requires the landlord provide 3,982 square feet of office space. Removing that provision by amending the lease will save a total of $1.3 million over the life of the lease. The Landlord has agreed to this amendment. The Real Estate Services Section of FMD will develop an amendment to the lease that will eliminate the office space component.

Year	Monthly Rent	Annual Costs
1	7,763.33	93,159.96
2	7,996.23	95,954.76
3	8,236.90	98,842.80
4	8,435.32	101,223.84
5	8,741.51	104,898.12
6	9,005.47	108,065.64
7	9,277.18	111,326.16
8	9,556.66	114,679.92
9	9,843.91	118,126.92
10	10,138.91	121,666.92
11	10,441.68	125,300.16
12	10,756.10	129,073.20
Total	110,193.20	1,322,318.40

FMD has subsequently begun a design effort to reconfigure the OIRM Chinook Building floor space. OIRM has the available space at the Chinook to allow for the staff and technology allows for mostly remote operation of the data center. Space planning and value engineering has made removing the office space requirement possible with no impact to the schedule. Move-in is scheduled to begin in July.

<u>Schedule Milestone Forecast</u>
o May 2009: Tenant Improvements SDC completed
o July 2009: Begin move of data center equipment to SDC
o Nov 2009: Complete move of data center
o Dec 2009: Decommission Seattle Municipal Tower, complete move out
o April 2010: Complete installation of Secondary Fiber line

The project is proceeding as planned. We have established a cooperative working relationship with the County Auditor's Office and we will continue to work closely with the County Auditor and County Council staffs.

Expenditure Summary

Description	Current Budget	Expenditure	Forecasted Commitment	Projected Balance
FMD Data Center Relocation	10,756,213	998,242	9,747,026	10,945
OIRM DC Relocation	6,385,768	49,384	6,336,384	-
OIRM DC Contingency	1,744,132	-	1,744,000	132
Grand Total All Projects	18,886,113	1,047,626	16,954,580	11,077

Cashflow: Actual Versus Planned Expenditure

Cost Note: Sabey started Central Plant construction prior to August 2008
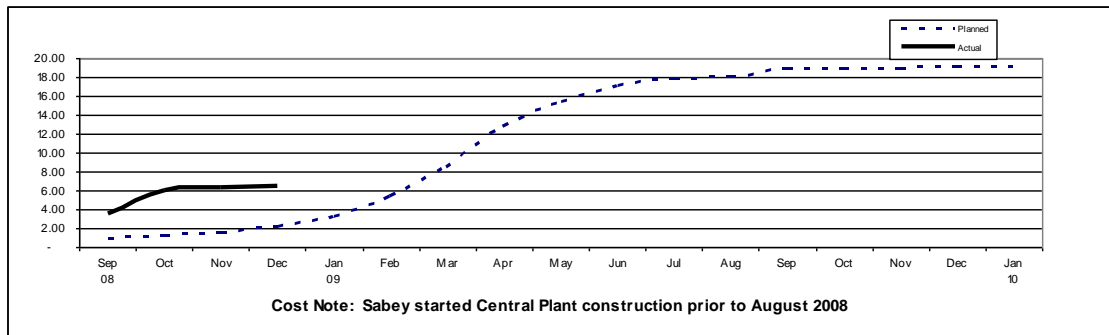
⊕ *Original legislation included a supplemental appropriation in 2009.*
⊕ *Expenditures reported from IBIS/ARMS as of 30th each month*
⊕ *Cashflow will be refined as new encumbrance data from consultants is received.*

Summary Schedule

% Complete	Activity	Baseline Start	Baseline Finish	Actual Start	Actual Finish	Current Forecast Start	Current Forecast Finish
100%	Lease Development	2/4/08	8/15/08	2/4/08	8/15/08		
	Design Tl's	8/18/08	11/21/08	8/18/08	11/12/08	9/19/08	11/21/08
	Permits	10/24/08	11/21/08	10/30/08	11/18/08	10/24/08	11/21/08
	Construct Tl's	11/24/08	4/10/09	11/19/08		11/24/08	*4/2/09*
	Commissioning	4/13/09	5/22/09			*4/2/09*	*4/24/08*
	Data Center Infrastructure	5/5/08	5/11/09	5/5/08			6/1/09
	Network Engineering	5/5/08	9/30/09	5/5/08			10/12/09
	Telephony	9/15/08	6/22/09	9/15/08			5/15/09
	Wireless & KCPAN	9/15/08	10/7/09	9/15/08			10/19/08
	Server Build Area	11/12/08	7/25/09	11/15/08		11/14/08	10/5/09
	I-Net Equipment	3/9/09	6/29/09			2/20/09	6/1/09
	KCWAN Fiber-Primary Line	5/5/08	6/15/09	5/5/08			5/15/09
	KCWAN Fiber-Secondary Line	5/5/08	4/6/10	5/5/08			4/6/10
	Temporary Fiber (AboveNet)	9/4/08	4/30/09	9/4/08			4/30/09
	Systems Engineering	12/3/08	9/23/09	12/3/08		11/17/08	10/1/09
	Applications	9/15/08	8/10/09	9/15/08			7/31/09
	Relocation Consultant Physical	4/22/08	10/12/09	4/22/08			9/30/09

Budget Detail: The budget continues to track consistently with the schedule and planned expenditure levels.

✦ Budget adjustments were made Dec 2008 to align with year end expenditures

Description	Current Budget	Expenditures	Encumbranc	Current Balance	Forecast Thru Completion	Projected Balance
FMD Data Center Relocation						
Design	646,580	467,543	179,026	11	10,000	(9,989)
Construction	9,632,053	10,587	-	9,621,466	9,500,000	121,466
Equipment/Furnishings	268,984	268,983		1	-	1
Contingency				-	-	-
1% for Art				-	-	-
County Force Design				-	-	-
Project Management	208,596	251,129	-	(42,533)	58,000	(100,533)
Totals	**10,756,213**	**998,242**	**179,026**	**9,578,945**	**9,568,000**	10,945
OIRM Data Center Relocation						
Data Center Infrastructure				-	-	-
Network Engineering	1,177,310	9,046	116,042	1,052,222	1,052,222	-
Telephony				-	-	-
Wireless & KCPAN				-	-	-
Server Build Area				-	-	-
I-Net Equipment				-	-	-
KCWAN Fiber	1,839,866			1,839,866	1,839,866	-
Abovenet Fiber	1,056,762			1,056,762	1,056,762	-
Systems Engineering				-	-	-
Relocation Consultant	1,306,800			1,306,800	1,306,800	-
OIRM Labor	1,005,030	40,338	2,762	961,930	961,930	-
Totals	**6,385,768**	**49,384**	**118,804**	**6,217,580**	**6,217,580**	**-**
OIRM Data Center Contingency						
Contingency	1,744,132		575,000	1,169,132	1,169,000	132
Totals	**1,744,132**	**-**	**575,000**	**1,169,132**	**1,169,000**	132
Grand Total All Projects	**18,886,113**	**1,047,626**	**872,830**	**16,965,657**	**16,954,580**	**11,077**

Planned Contracts

Description of each contract	Estimated Amount	Estimated Timeframe	Possible Vendor List
The contract would focus on consulting services for planning, scheduling and executing the relocation of the King County Enterprise Data Center. A sole source waiver has been received	$1.5M	12/08 - 12/09	Hewlett Packard
Blanking panels and shelving for cabinets, power cords, patch cables, horizontal power, MDF caging	$33,000	1/09-6/09	Graybar
Digital KVM and associated equipment, console controllers	$324,000	1/09-6/09	Carlyle
Network switches	$1.7M	3/09-8/09	Cisco
I-Net switch	$86,000	3/09-6/09	Marconi
Other move related expense (e.g., surplus)	$20,000	9/09-10/09	Emerald City Movers
Decommissioning of SMT	TBD	9/09-12/09	DoIT (City of Seattle usually requests their own inside staff)
Decommissioning Fortress Co-location (Auxiliary Server Room I and II)	TBD	9/09-10/09	Fortress
Closeout of lease at Fortress Co-location	TBD	9/09	Fortress with assistance of FMD
Seed equipment for distributed moves requiring minimal downtime	$170,400	5/09 – 10/09	HP, Dell
Construction Management and Design Oversight.	$197,000	09/08 – 07/09	Sazan Group Inc.

Schedule Detail: Tenant Improvement work is on track according to Sabey's proposed construction schedule.

ID	% Complete	Task Name	Baseline Sta	Baseline Fi	Start	Finish
1	34%	**FMD Data Center Tenant Improvements**	Fri 9/18/09	NA	Mon 2/4/08	Fri 1/15/10
1	100%	Lease Development	Tue 3/25/08	NA	Mon 2/4/08	Tue 3/25/08
42	34%	Design Data Center TI's (Sabey)	###########	NA	Mon 8/18/08	Thu 11/27/08
44	0%	Sabey 80% submittal	Fri 10/24/08	NA	Mon 9/22/08	Fri 10/24/08
45	0%	FMD/OIRM review 80% submittal	Tue 11/4/08	NA	Mon 10/27/08	Tue 11/4/08
46	0%	FMD/OIRM approves 80% submittal	Tue 11/4/08	NA	Tue 11/4/08	Tue 11/4/08
47	0%	Sabey completes 100% submittal	Tue 11/18/08	NA	Wed 11/5/08	Tue 11/18/08
48	0%	FMD/OIRM reviews final TI cost budget	Thu 11/27/08	NA	Wed 11/19/08	Thu 11/27/08
49	0%	FMD/OIRM approves final TI budget	Thu 11/27/08	NA	Thu 11/27/08	Thu 11/27/08
50	99%	**Construction Permits (Sabey)**	Fri 11/21/08	NA	Thu 10/30/08	Mon 11/17/08
54	0%	**Construction (Sabey)**	Fri 5/22/09	NA	Mon 11/24/08	Fri 5/22/09
55	0%	Construct TI's	Fri 4/10/09	NA	Mon 11/24/08	Fri 4/10/09
56	0%	TI Substantial completion	Fri 4/10/09	NA	Fri 4/10/09	Fri 4/10/09
59	0%	Commission Equipment	Fri 5/22/09	NA	Mon 4/13/09	Fri 5/22/09
60	0%	Monitor OIRM Relocation	Fri 10/9/09	NA	Mon 5/25/09	Fri 10/9/09
61						
62	0%	Tenant Improvements	NA	NA	Tue 9/2/08	Fri 5/22/09
63	35%	**IT Infrastructure Buildout and Relocation**	NA	NA	Tue 4/22/08	Fri 1/15/10
64	36%	**Data Center Infrastructure**	NA	NA	Mon 5/5/08	Fri 8/7/09
81	32%	**Network Engineering**	NA	NA	Mon 5/5/08	Fri 1/15/10
82	100%	Gather requirements	NA	NA	Mon 5/5/08	Mon 6/30/08
83	100%	Create position paper on IP re-addressing	NA	NA	Fri 9/5/08	Thu 11/6/08
84	100%	Finalize IP Readdressing	NA	NA	Wed 12/10/08	Tue 12/16/08
85	100%	Order and receive network equipment (Par	NA	NA	Mon 9/15/08	Fri 11/7/08
86	0%	Order and receive network equipment (Par	NA	NA	Mon 3/2/09	Fri 4/24/09
87	0%	Order KCWAN specific circuits	NA	NA	Mon 4/20/09	Fri 6/5/09
88	49%	Create Abovenet fiber Williows Rd. design	NA	NA	Thu 1/15/09	Fri 3/27/09
89	0%	Build out of MDF and IDF	NA	NA	Mon 5/25/09	Fri 10/9/09
90	0%	Move Core and other network services from	NA	NA	Mon 7/6/09	Fri 9/25/09
91	0%	Configure, install and test network equipm	NA	NA	Mon 10/12/09	Fri 1/1/10
92	0%	Document installation	NA	NA	Mon 1/4/10	Fri 1/15/10
93	43%	**Telephony**	NA	NA	Mon 9/15/08	Fri 6/19/09
97	2%	**Wireless and KCPAN**	NA	NA	Mon 9/15/08	Fri 10/23/09
101	67%	**Server Build Area**	NA	NA	Wed 11/5/08	Fri 10/16/09
104	0%	**I-Net Equipment**	NA	NA	Mon 3/16/09	Mon 6/22/09
108	59%	**KCWAN Fiber**	NA	NA	Mon 5/5/08	Mon 6/8/09
112						
113	55%	**AboveNet Fiber**	NA	NA	Thu 9/4/08	Mon 4/27/09
114	100%	Sabey arranges for leased fiber	NA	NA	Thu 9/4/08	Mon 12/1/08
115	100%	Request letter from Sabey re: Abovenet (lea	NA	NA	Tue 12/2/08	Tue 12/2/08
116	100%	Design Fiber path	NA	NA	Thu 9/4/08	Mon 9/15/08
117	77%	Review fiber construction plan	NA	NA	Tue 12/2/08	Mon 1/12/09
118	26%	Construct and provision fiber	NA	NA	Tue 12/2/08	Mon 4/6/09
119	0%	Installation of equipment at POP and testir	NA	NA	Mon 3/30/09	Mon 4/27/09
120	7%	**Systems Engineering**	NA	NA	Wed 12/3/08	Fri 11/13/09
125	30%	**Applications**	NA	NA	Mon 9/15/08	Thu 10/1/09
129	44%	**Relocation Consultant - Physical Move**	NA	NA	Tue 4/22/08	Wed 10/21/09
148	0%	**Decommissioning**	NA	NA	Thu 11/5/09	Wed 11/25/09
151	0%	**IT Infrastructure and Relocation Project Close**	NA	NA	Thu 10/22/09	Wed 12/16/09
152	0%	Lessons Learned	NA	NA	Thu 12/10/09	Wed 12/16/09
153	0%	Final PRB Documents	NA	NA	Thu 10/22/09	Wed 11/4/09

Data Center Floor Plans