



NINTH & JEFFERSON BUILDING (NJB) PROJECT OVERSIGHT REPORT FOR JANUARY 2009

Construction Delivery Method: 63-20 Public-Private Partnership
KC Project Manager: Facilities Management Division (FMD)
Private Development Partnership: NJB Properties (NJBP), Wright Runstad Associates LP (WR)
Project Phase: Tenant Improvement Construction
Current Project Risk Rating: Low



SUMMARY

This project is progressing well, with no current oversight issues. It is on schedule and due for completion later this year. Except for a 1st floor retail area, all tenants should assume occupancy by August 2009. The retail tenants for the 1st floor are still being identified. The project is currently reporting \$ 2.5 million in joint savings, which will be shared between WR and King County. Per the development agreement, King County's share is \$ 1.9 million. FMD expects this amount to increase at close-out. FMD plans on using the county's share to defray Harborview Medical Center (HMC) server room costs, King County Medical Examiner and ITA Court relocation costs, and independent oversight charges. The Capital Projects Oversight program will be monitoring both the actual joint savings achieved and FMD's defrayal plans.

PROJECT STATUS (● = No Current Risks ▼ = Attention Required ◆ = Corrective Action Required)

● **Scope**

Construction of a 14-story medical office building, including an underground parking garage with 650 parking spaces, for use by HMC and King County. Public artworks are included. A major HMC server room was added to the project during construction.

● **Schedule** (1 = Substantial Completion Date; 2 = Final Move-In Date)

<u>Activity</u>	<u>First Recorded Schedule</u>	<u>Current Forecast</u>
Core and Shell (1)	01/05/2009	01/05/2009 (actual)
Tenant Improvements (1)	Q3 – 2009	Jan thru May-09
Phased Tenant Move-In (2)	Q3 – 2009	Mar thru Aug-09

● **Costs** (Includes Server Room. Excludes King County administration and art costs)

Approved Budget	Forecast Cost at Completion	Actual Cost to Date	% of Forecast Cost at Completion	Forecast Balance to Completion
\$ 184,293,016	\$ 184,015,491	\$ 131,060,076	71 %	\$ 52,955,415

For detailed information regarding this project, see the following pages.

PROJECT BACKGROUND

The Ninth and Jefferson Building (NJB) is a 14-story medical office building being developed as a public-private partnership between King County, Harborview Medical Center (HMC), and NJB Properties, a non-profit corporation. The building includes 437,999 gross square feet of space and an underground parking garage with 650 parking spaces. It is being constructed to improve the delivery of essential medical services to King County residents by reducing overcrowding at HMC and upgrading outmoded facilities. The King County Medical Examiner's Office and the Involuntary Treatment Act (ITA) Courtroom are being relocated from their existing facilities to NJB as part of the development effort. A major server room for HMC was added to the project scope during construction.

All project development costs are being funded by non-taxable and taxable bonds issued by NJB Properties under U.S. Treasury Revenue Ruling 63-20 and Revenue Procedure 82-26. The bonds will be re-paid using tenant rent. HMC has agreed to fund all building rent and related costs through its annual operating budget. The completion of this project was authorized by Ordinance 15633, which was passed by the Metropolitan King County Council on October 30, 2006.

The Wright Runstad Corporation (WRC) is under contract to NJB Properties as the developer for this project. Turner Construction Services (TCS) is under contract with WRC as the General Contractor. The Facilities Management Division (FMD) is representing King County as project manager.

The King County Auditor's Office is providing independent project oversight services through its Capital Projects Oversight program as directed in Ordinance 15633. The role of oversight is:

- To help assure that the project team is taking all appropriate steps to deliver NJB according to the approved schedule and cost; and,
- To provide independent reporting to the Metropolitan King County Council to assure the timely and accurate disclosure of the project status.

MONTHLY OVERSIGHT SUMMARY

- As of January 2009, the Capital Projects Oversight program does not foresee any significant risks to the successful delivery of this project.
- WR is currently \$ 2.5 million in joint savings for the building core and shell work. Per the development agreement, WRC will receive \$ 600,000 and King County will receive \$ 1,900,000. FMD expects this amount to increase at project close-out. FMD plans on using the county's share to defray Harborview Medical Center (HMC) server room costs, King County Medical Examiner and ITA Court relocation costs, and independent oversight charges. The Capital Projects Oversight program will be monitoring both the actual joint savings achieved and FMD's defrayal plans.

ACCOMPLISHMENTS DURING MONTH / UPCOMING MILESTONES:

- Building core and shell work was substantially completed on January 5, 2009 as planned. Final completion, including all punch-work, is scheduled by March 5, 2009.
- The following bid packages were issued during January: Floor 1- Pharmacy; Floor 11 - STD/Virology Clinic; and Floors 12–13 - Global Health. All bid packages are now complete, except for the Floor 1 – Retail space, which will be developed as retail tenants are identified.
- Tenant improvement work is progressing on Floors 2 – 10. Work on floors 1 and 11 – 14 will begin once pricing is negotiated.
- Tenant move-in planning has begun. All tenants will be moved in by August 2009.
- The King County Medical Examiner is scheduled to move-in during April
- The ITA Court is scheduled to move-in July.
- The NJB Ribbon Cutting Ceremony is currently planned for mid-April.

SCHEDULE OVERVIEW

As charted below, the NJB project is proceeding without schedule risks. All tenant design/bid documents – except for a 12,000 square foot 1st floor retail area - are complete. The retail space will be designed once tenants are identified. All tenant improvement work – except retail - should be completed by May 2009. Tenants will be moving into NJB in phases, with the last move-in date targeted by early August 2009. NJB’s parking garage has been available for use since July 28, 2008:

Building Core / Shell and Site Work

Substantial Completion		Final Completion	
Initial Baseline	Current Forecast	Initial Baseline	Current Forecast
01/05/09	01/05/09 (actual)	03/05/09	03/05/09

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SCHEDULE OVERVIEW (continued)

Tenant Improvements and Move-In (Completion Dates)

Floor	Tenant	Tenant Improvements			Tenant Move-In
		Design/Bid Documents	First Reported Target	Current Forecast	
1	Pharmacy	Complete	06/09	06/09	Before 09/09
2	ITA Court / KC Medical Examiner / Pathology	Complete	01/05/09	01/05/09	ITA – 07/09; KCME - 04/09; Pathology – Summer 09
3	UW School of Medicine	Complete	01/05/09	01/05/09	04/25/09
4	Sleep Clinic	Complete	03/05/09	03/05/09	05/16/09
5	Spine Clinic	Complete	03/05/09	03/05/09	06/13/09
6	Ortho Clinic	Complete	03/05/09	03/05/09	05/30/09
7	Eye Clinic	Complete		05/01/09	06/27/09
8	IT Services	Complete	01/05/09	01/05/09	03/28/09
9	IT Services	Complete	01/05/09	01/05/09	03/28/09
10	IT Services	Complete	01/05/09	01/05/09	03/28/09
11	STD / Virology	Complete	03/05/09	03/05/09	07/11/09
12	Global Health	Complete	05/09	May-09	Before 08/09
13	Global Health	Complete	05/09	May-09	Before 08/09
14	Neurosciences	Complete	05/09	May-09	Before 08/09

COST OVERVIEW

As of January 31, 2009, the projected total construction cost, including the building, parking garage, and the HMC server room, is \$ 184,015,491. The total cost projected for the NJB project is \$ 185,617,491, which includes \$ 1,602,000 in King County administration and art costs not reported on herein. The current construction costs show \$ 2,500,000 in joint savings, which will be shared between WRC and King County per the development agreement. King County's share is \$ 1,900,000, which FMD plans on using to defray server room costs, King County Medical Examiner and ITA relocation costs, and project oversight charges. FMD expects this amount to increase at close-out:

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COST OVERVIEW (continued)

Construction Cost Summary* (*Proposed, forecast, and actual costs per WR figures as of 01/09)

	Original KC Approved Budget	Proposed Budget (1)	Forecast Cost At Completion	Actual Cost to Date	% of Proposed Budget Expended	Forecast Balance to Complete
SHELL AND CORE						
Architectural & Engineering	\$ 4,472,000	\$ 4,883,707	\$ 4,883,707	\$ 4,420,804	90.52%	\$ 462,903
Construction (incl WRC Contingency)	99,798,000	143,509,734	143,509,734	123,228,107	85.87%	20,281,627
Miscellaneous	1,634,000	1,537,500	1,537,500	643,671	41.86%	893,829
General Contingency	5,103,000	4,621,810	4,621,810	0	0.00%	4,621,810
Joint Savings	n/a	2,500,000	2,500,000	0	0.00%	2,500,000
Project Administration	6,705,000	7,076,994	7,076,994	5,049,792	71.36%	2,027,202
SUB-TOTAL	\$ 117,712,000	\$ 164,129,745	\$ 164,129,745	\$ 133,342,374	81.24%	\$ 30,787,371
SERVER ROOM (2)						
Const / AE / WRC	\$ 6,922,057	Included in Shell and Core construction	Included in Shell and Core construction	Included in Shell and Core construction	n/a	Included in Shell and Core construction
Contingency	346,103				n/a	
Escalation	389,856				n/a	
SUB-TOTAL	\$ 7,658,016	Note 3	Note 3	Note 3	n/a	Note 3
TENANT IMPROVEMENTS (3)						
Tenant Improvement Cost	\$ 47,423,000	\$ 8,038,857	\$ 8,038,857	\$ 5,893,171	73.31%	\$ 2,145,686
Tenant Design Contingency	11,500,000	11,454,000	11,454,000	0	0.00%	11,454,000
Server Room General Contingency	0	267,889	267,889	0	0.00%	267,889
Server Room Owner Contingency	0	125,000	125,000	0	0.00%	125,000
SUB-TOTAL	\$ 58,923,000	\$ 19,885,746	\$ 19,885,746	\$ 5,893,171	29.64%	\$ 13,992,575
CONSTRUCTION TOTAL (4)	\$ 184,293,016	\$ 184,015,491	\$ 184,015,491	\$ 139,235,545	75.67%	\$ 44,779,946

Notes:

- (1) Proposed Budget includes WR revisions reviewed and approved by FMD.
- (2) The change orders adding the server room totalled \$ 7,630,251 or \$ 27,775 below the original budget.
- (3) Tenant Improvement budget and server room costs are moved to Shell and Core as each building level is bid.
- (4) Does not include \$ 1,602,000 in KC Administration and Art costs, which are carried in a separate project budget. These costs were erroneously included in the construction cost summary in the June - September reports.

Construction Contingency Budget Summary (Proposed budget and contingency amounts per WR 01/15/09)

TYPE OF CONTINGENCY	Original KC Approved Budget	Proposed Budget	Contingency Committed		Notes
			Amount	% of Budget	
OWNERS	\$ 1,320,000	\$ -	\$ 1,320,000	100.00%	Includes \$ 1,070,000 for building wireless system.
GENERAL USE	\$ 5,103,000	4,621,810	481,491	9.44%	
JOINT SAVINGS	-	2,500,000	-	0.00%	Will be shared between WRC and KC per the development agreement. KC's share is \$ 1,900,000.
TENANT IMPROVEMENTS	\$ 11,500,000	\$ 11,454,000	\$ 46,000	0.40%	It is anticipated that these funds will be used.