



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

Construction Delivery Method: 63-20 Public-Private Partnership
KC Project Manager: Facilities Management Division (FMD)
Private Development Partnership: NJB Properties (NJB), 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. All King County and Harborview Medical Center (HMC) tenants will assume occupancy by December 2009, with most moving into the building by August. The 1st floor of the building includes an unfinished retail area which will be completed as retail leases are negotiated. 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 costs for the following work: Harborview Medical Center (HMC) server room; independent oversight; and the relocation of the King County Medical Examiner, Public Health STD/Virology Clinic, and Involuntary Treatment Act Court. 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 employees and the public. Retail space and public artworks are included. A major HMC server room was added early in the project.

● **Schedule** (1 = Substantial Completion Date; 2 = Final Completion; 3 = Final Move-In Date)

<u>Activity</u>	<u>First Recorded Schedule</u>	<u>Current Forecast</u>
Core and Shell (2)	03/05/2009	02/27/2009 (actual)
Tenant Improvements (1)	Q3 – 2009	Jan thru Dec-09
Phased Tenant Move-In (3)	Q3 – 2009	Mar thru Dec-09

● **Costs** (Includes HMC server room. Excludes County administration, art costs, and retail space)

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	\$ 139,641,863	75.89 %	\$ 44,373,628

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 (KCME), Public Health STD/Virology Clinic (STD/Virology), and the Involuntary Treatment Act Court (ITA Court) are being relocated from their existing facilities to NJB as part of the development effort. A major server room for HMC was added early in the project. Approximately 12,000 square feet of storefront space on the 1st floor of the building is being in shell condition for eventual retail use. This area will be completed as individual retail leases are negotiated.

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.

Wright Runstad Associates LP (WR) is under contract to NJB Properties as the developer for this project. Turner Construction Services (TCS) is under contract with WR 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 February 2009, the Capital Projects Oversight program does not foresee any significant risks to the successful delivery of this project.
- WR is currently projecting \$ 2.5 million in joint savings for the building core and shell work. Per the development agreement, WR 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 costs for the following work:
 - HMC server room
 - Independent oversight
 - KCME, STD/Virology, and ITA Court relocations

The Capital Projects Oversight program will be monitoring both the actual joint savings achieved and FMD's defrayal plans.

ACCOMPLISHMENTS DURING MONTH / UPCOMING MILESTONES:

- Final completion of building core and shell work was achieved on February 27, 2009, approximately 1 week ahead of schedule.
- Tenant improvement work on the following floors commenced during January and February:
 - Floor 5 – Sports / Spine Clinic
 - Floor 7 - Eye Clinic
 - Floor 8 – Eye Clinic Offices
 - Floor 11 – STD/Virology Clinic
- Tenant improvement work continued on the following floors: P1 (parking garage) - HMC Server Room, Floor 4 - Sleep Clinic, Floor 6 - Ortho Clinic, and Floor 8 – IT Services.
- Tenant improvement work for the Global Health on Floors 11 – 13 and the Neurosciences offices on Floor 14 will commence during April 2009.
- Tenant improvement work was completed on Floors 2, 3, 9 and 10 during January 2009.
- The first retail tenant was identified during the month. It is “The Optical Shop”, which HMC hopes can assume occupancy during June 2009, when the Floor 7 - Eye Clinic opens. The Optical Shop will occupy approximately 1,500 square feet of storefront space on Floor 1 of the building.
- Tenant move-in planning continued during the month. The majority of tenants will be moved in by fall 2009. The move-in schedule for King County agencies is provided below:
 - KCME – May 2009
 - ITA Court and STD/Virology Clinic – July 2009
- The NJB Ribbon Cutting Ceremony is scheduled for Wednesday, April 8th from 11:30 am to 1:30 pm.
- An “Employee Sneak Peak” is being held April 7th.

SCHEDULE OVERVIEW

As charted below, the NJB project is proceeding without schedule risks. All tenant design/bid documents – except for retail and Pharmacy space on Floor 1 and ISIS and Radiology space on Floor 3 – are complete. All tenant improvement work – except retail - should be completed by December 2009. Tenants will be moving into NJB in phases, with the last move-in date targeted by December 2009. NJB’s parking garage has been available for use since July 28, 2008 for contractor and limited HMC employee use. Public use will begin in the next few months:

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	02/27/09 (actual)

NINTH AND JEFFERSON BUILDING PROJECT OVERSIGHT REPORT FOR FEBRUARY 2009

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	04/09	12/09	12/09	12/09
	Retail (multiple TBD)	TBD	TBD	TBD	TBD
2	ITA Court	Complete	01/05/09	01/05/09 (actual)	ITA – 07/09
	KCME				KCME – 05/02/09
	Pathology				Pathology – Aug-09
3	UW Medical School	Complete	01/05/09	01/05/09 (actual)	04/25/09
	ISIS	4/7/09	12/09	12/09	12/09
	Radiology	4/7/09	12/09	12/09	12/09
4	Sleep Clinic	Complete	03/05/09	03/17/09	Jun-09
5	Spine Clinic	Complete	03/05/09	03/17/09	05/16/09
6	Ortho Clinic	Complete	03/05/09	03/24/09	5/30/09
7	Eye Clinic	Complete	5/11/09	05/11/09	Jun-09
8	IT Services	Complete	01/05/09	01/05/09 (actual)	03/28/09
	Eye Clinic Offices	Complete	5/11/09	5/11/09	06/09
9	IT Services	Complete	01/05/09	01/05/09 (actual)	03/28/09
10	IT Services	Complete	01/05/09	01/05/09 (actual)	03/28/09
11	STD / Virology	Complete	03/05/09	04/01/09	07/11/09
12	Global Health	Complete	05/09	08/09	08/09
13	Global Health	Complete	05/09	08/09	08/09
14	Neurosciences	Complete	05/09	08/09	08/09

NINTH AND JEFFERSON BUILDING PROJECT OVERSIGHT REPORT FOR FEBRUARY 2009

COST OVERVIEW

As of February 28, 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 WR 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, Public Health STD Clinic, and ITA relocation costs, and project oversight charges. FMD expects this amount to increase at close-out.

Construction Cost Summary* (*Proposed, forecast, and actual costs per WR figures as of 02/11/09)

	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	\$ 4,432,591	90.76%	\$ 451,116
Construction (incl WRC Contingency)	99,798,000	143,509,734	143,509,734	123,241,166	85.88%	20,268,568
Miscellaneous	1,634,000	1,537,500	1,537,500	648,460	42.18%	889,040
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	\$ 133,372,009	81.26%	\$ 30,757,736
SERVER ROOM (2)						
Const / AE / WRC	\$ 6,922,057	Included in	Included in	Included in	n/a	Included in
Contingency	346,103	Shell and Core	Shell and Core	Shell and Core	n/a	Shell and Core
Escalation	389,856	construction	construction	construction	n/a	construction
SUB-TOTAL	\$ 7,658,016	Note 3	Note 3	Note 3	n/a	Note 3
TENANT IMPROVEMENTS (3)						
Tenant Improvement Cost	\$ 47,423,000	\$ 8,038,877	\$ 8,038,877	\$ 6,269,854	77.99%	\$ 1,769,023
Tenant Design Contingency	11,500,000	11,454,000	11,454,000	0	0.00%	11,454,000
Server Room General Contingency	0	267,869	267,869	0	0.00%	267,869
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	\$ 6,269,854	31.53%	\$ 13,615,892
CONSTRUCTION TOTAL (4)	\$ 184,293,016	\$ 184,015,491	\$ 184,015,491	\$ 139,641,863	75.89%	\$ 44,373,628

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.

NINTH AND JEFFERSON BUILDING PROJECT OVERSIGHT REPORT FOR FEBRUARY 2009

COST OVERVIEW (continued)

Construction Contingency Budget Summary (Proposed budget and contingency amounts per WR 02/11/09)

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.