



**NINTH & JEFFERSON BUILDING (NJB) PROJECT OVERSIGHT REPORT FOR MARCH 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. All King County and Harborview Medical Center (HMC) tenants will assume occupancy by December 2009, with most moving into the building by August. The 1<sup>st</sup> floor of the building includes an unfinished retail area which will be completed as retail leases are negotiated. The project is currently reporting \$ 2,545,000 in joint savings, which will be shared between WR and King County. Per the development agreement, King County's share is \$ 1,927,000. 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 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)

<b>Approved Budget</b>	<b>Forecast Cost at Completion</b>	<b>Actual Cost to Date</b>	<b>% of Forecast Cost at Completion</b>	<b>Forecast Balance to Completion</b>
\$ 184,293,016	\$ 184,015,491	\$ 152,618,385	82.94 %	\$ 31,397,106

**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 Clinic (STD), and the Involuntary Treatment Act Court (ITA Court) are being relocated from their existing facilities to NJB as part of the development effort. A server room for HMC was a major scope addition early in the project. Approximately 12,000 square feet of storefront space on the 1<sup>st</sup> floor of the building is being kept in shell condition for eventual retail use. This area will be completed as individual retail leases are negotiated. All retail space is physically separated from the remainder of the building.

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 March 2009, the Capital Projects Oversight program does not foresee any significant risks to the successful delivery of this project.
- WR is currently projecting \$ 2,545,000 in joint savings for the building core and shell work. Per the development agreement, WR will receive \$ 618,000 and King County will receive \$ 1,927,000. 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, 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:**

- Tenant improvement work was substantially completed on the following floors during March:
  - Floor P1 – HMC Server Room
  - Floor 4 – Sleep Clinic
  - Floor 5 – Sports / Spine Clinic
  - Floor 6 – Ortho Clinic
- Tenant improvement work continued on the following floors during March:
  - Floor 7 – Eye Clinic
  - Floor 8 – Eye Clinic Offices
  - Floor 11 – STD, Virology
- Tenant improvement work for the Global Health on Floors 11,12 and 13 and the Neurosciences offices on Floor 14 will commence during April 2009.
- The tenant improvement schedule for the Floor 3 Radiology and ISIS space is still under development, but all work should be completed by December 2009.
- Design development work commenced on “The Optical Shop” retail space on Floor 1. Construction documents are targeted for April 15<sup>th</sup> and final completion of tenant improvements is targeted by June.
- 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 2, 2009
  - ITA Court and STD Clinic – July 2009
- The NJB Ribbon Cutting Ceremony was held on Wednesday, April 8th.
- An “Employee Sneak Peak” was held April 7<sup>th</sup>.

**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. The retail space will be designed as retail tenants are identified. All tenant improvement work – except un-leased 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)

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**SCHEDULE OVERVIEW (continued)**

**Tenant Improvements and Move-In (Completion Dates)**

Floor	Tenant	Tenant Improvement Schedule			Move-In Schedule
		Design/Bid Documents	First Reported Baseline	Current Forecast (S = Substantial)	
1	Main Lobby	Complete	Complete	Complete	N/A
	Pharmacy	04/30/09	12/09	12/09	12/09
	Optical shop	4/15/09	06/09	06/09	06/09
	TBD Retail	TBD	TBD	TBD	TBD
2	ITA Court				ITA – 07/09
	KCME	Complete	01/05/09	01/05/09 (actual)	KCME – 05/02/09
	Pathology				Pathology – 08/09
3	UW Medical School	Complete	01/05/09	01/05/09 (actual)	04/25/09
	ISIS	Complete	12/09	12/09	12/09
	Radiology	Complete	12/09	12/09	12/09
	Freezer Farm	TBD	TBD	TBD	TBD
4	Sleep Clinic	Complete	03/05/09	03/17/09 (S)	06/09
5	Spine Clinic	Complete	03/05/09	03/17/09 (S)	05/16/09
6	Ortho Clinic	Complete	03/05/09	03/24/09 (S)	5/30/09
7	Eye Clinic	Complete	5/11/09	05/11/09	06/09
8	IT Services	Complete	01/05/09	01/05/09 (actual)	03/28/09
	Eye Clinic	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	04/02/09	07/11/09
	Global Health	Complete	08/09	08/25/09	08/09
12	Global Health	Complete	05/09	08/17/09	08/09
13	Global Health	Complete	05/09	08/17/09	08/09
14	Neurosciences	Complete	05/09	08/17/09	08/09

## NINTH AND JEFFERSON BUILDING PROJECT OVERSIGHT REPORT FOR MARCH 2009

### COST OVERVIEW

As of March 26, 2009, the projected total construction cost, including the building, parking garage, and the HMC server room, is \$ 184,015,491. The projected construction cost includes \$ 2,545,000 in joint savings, which will be shared between WR and King County per the development agreement. King County's share is \$ 1,927,000, which FMD plans on using to defray server room costs, independent oversight costs, and relocations costs for KCME, STD Clinic, and ITA Court. FMD expects the joint savings to be higher at close-out.

In addition to construction, the project budget includes \$ 1,602,000 in King County administration and art costs, bringing NJB's total cost to \$ 185,617,491.

### **Construction Cost Summary\*** (\*Proposed, forecast, and actual costs per WR figures as of 03/26/09. Excludes retail space and County administration and art costs)

	Original KC Approved Budget	Proposed Budget (1)	Forecast Cost At Completion (2)	Actual Cost to Date	% of Proposed Budget Expended	Forecast Balance to Complete
<b>SHELL AND CORE</b>						
Architectural & Engineering	\$ 4,472,000	\$ 4,883,707	\$ 4,883,707	\$ 4,437,802	90.87%	\$ 445,905
Construction (incl WR Contingency)	99,798,000	144,849,400	144,759,818	131,676,080	90.96%	13,083,738
Miscellaneous	1,634,000	1,537,500	1,537,500	651,628	42.38%	885,872
General Contingency	5,103,000	4,621,810	1,621,810	0	0.00%	1,621,810
Joint Savings	n/a	2,500,000	2,545,000	1,555,000	61.10%	990,000
Project Administration	6,705,000	7,076,994	7,076,994	6,235,780	88.11%	841,214
<b>SUB-TOTAL</b>	<b>\$ 117,712,000</b>	<b>\$ 165,469,411</b>	<b>\$ 162,424,829</b>	<b>\$ 144,556,290</b>	<b>89.00%</b>	<b>\$ 17,868,539</b>
<b>SERVER ROOM (3)</b>						
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	
<b>SUB-TOTAL</b>	<b>\$ 7,658,016</b>	Note 3	Note 3	Note 3	n/a	Note 3
<b>TENANT IMPROVEMENTS (4)</b>						
Tenant Improvement Cost	\$ 47,423,000	\$ 9,462,161	\$ 9,551,743	\$ 8,062,095	84.40%	\$ 1,489,648
Tenant Design Contingency	11,500,000	8,896,355	11,851,355	0	0.00%	11,851,355
Server Room General Contingency	0	62,564	62,564	0	0.00%	62,564
Server Room Owner Contingency	0	125,000	125,000	0	0.00%	125,000
<b>SUB-TOTAL</b>	<b>\$ 58,923,000</b>	<b>\$ 18,546,080</b>	<b>\$ 21,590,662</b>	<b>\$ 8,062,095</b>	<b>37.34%</b>	<b>\$ 13,528,567</b>
<b>CONSTRUCTION TOTAL (5)</b>	<b>\$ 184,293,016</b>	<b>\$ 184,015,491</b>	<b>\$ 184,015,491</b>	<b>\$ 152,618,385</b>	<b>82.94%</b>	<b>\$ 31,397,106</b>

**Notes:**

- (1) Proposed Budget includes WR revisions reviewed and approved by FMD.
- (2) Forecast Cost At Completion amounts shown have not yet been approved by FMD.
- (3) The change orders adding the server room totalled \$ 7,630,251 or \$ 27,775 below the original budget.
- (4) Tenant Improvement budget and server room costs are moved to Shell and Core as each building level is bid.
- (5) 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.

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**COST OVERVIEW (continued)**

**Construction Contingency Budget Summary (Proposed budget and contingency amounts per WR as of 03/26/09)**

TYPE OF CONTINGENCY	Original KC Approved Budget	Forecast Cost At Completion	Contingency Committed		Notes
			Amount	% of Budget	
<b>OWNERS</b>	\$ 1,320,000	\$ -	\$ 1,320,000	100.00%	Includes \$ 1,070,000 for building wireless system.
<b>GENERAL (1)</b>	\$ 5,103,000	1,621,810	3,481,190	68.22%	
<b>JOINT SAVINGS (1)</b>	-	2,545,000	1,555,000	61.10%	Will be shared between WR and KC per the development agreement. KC's share is \$ 1,927,000.
<b>TENANT DESIGN (1)</b>	\$ 11,500,000	\$ 11,851,355	\$ 351,355	2.96%	It is anticipated that these funds will be used.

Notes:

1 - Forecast Cost At Completion and Contingency Committed amounts shown have not yet approved by FMD.