

NINTH & JEFFERSON BUILDING PROJECT OVERSIGHT REPORT FOR APRIL 2009

CURRENT RISK RATING ● This project is on track, with no scope, schedule or budget issues.



PROJECT DESCRIPTION

The Ninth and Jefferson Building (NJB) project is being developed to reduce overcrowding and upgrade outmoded facilities at Harborview Medical Center (HMC). NJB will house a number of major HMC and University of Washington Medical School (UW) programs. It will also house several King County programs, including the King County Medical Examiner, Public Health Sexually Transmitted Disease (STD) Clinic, and the Involuntary Treatment Act (ITA) Court. Retail space is provided on the ground floor of the building. NJB is being developed through a 63-20 Public-Private Partnership between King County and NJB Properties (NJBP) / Wright Runstad Associates LP (WR). It is being managed by the Facilities Management Division (FMD). This project is currently in implementation.

PROJECT STATUS ● = No Current Concerns ▼ = Attention Required ◆ = Corrective Action Required

● **Scope**

Construction of a 14-story 440,000 square foot (sf) medical office building, including an underground parking garage with 670 parking spaces. 12,000 sf of ground floor space is being developed for retail use. Public artworks are included under King County's art program. An HMC server room was added in the parking garage early in the project, reducing parking to 650 spaces.

● **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

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

Approved Budget	Forecast Cost at Completion (1)	Actual Costs through 4/31/09	% of Forecast Cost at Completion	Forecast Balance to Completion
\$ 184,293,016	\$ 183,782,503	\$ 160,880,384	87.54 %	\$ 22,902,119

(1) Includes \$ 5,650,000 in joint savings at closeout, which will be shared between WR and King County per the development agreement. King County's current share is \$ 2,955,000.

● **Issues and Risks**

This project does not have any current issues or risks.

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

King County Auditor's Office – Cheryle Broom, County Auditor

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Capital Projects Oversight Program – Tina Rogers, Manager

The Capital Projects Oversight Program (CPO) was established within the Auditor's Office by the Metropolitan King County Council through Ordinance 16725 in 2007. Its goal is to promote the delivery of capital projects in accordance with the council- approved scope, schedule, and budget; and to provide timely and accurate capital project reporting.

CPO oversight reports are available on the Auditor's Web site (www.kingcounty.gov/operations/auditor/reports) under the year of publication. Copies of reports can also be requested by mail at 516 Third Avenue, Rm. W-1033, Seattle, WA 98104, or by phone at 206-296-1655.

**ALTERNATIVE FORMATS AVAILABLE UPON REQUEST
CONTACT 206-296-1655 OR TTY 206-296-1024**

INTRODUCTION

This is the 23rd monthly NJB oversight report prepared by the King County Auditor's Office. It is being submitted by the Auditor's Capital Projects Oversight Program to the Government Accountability and Oversight Committee to provide timely information on the status of the scope, schedule, budget, and risk for the NJB project. The Auditor's Office was directed to provide independent oversight through its Capital Projects Oversight program when NJB was approved by Ordinance 15633. Oversight is conducted by attendance at weekly project meetings with FMD, WR and Turner Construction Company (TCC). Information is also obtained through analysis of monthly draw reports submitted by WR, review of construction quality assessments submitted by Falkin Associates to NJBP, and review of HMC Major Capital Projects Quarterly Reports issued by FMD.

PROJECT STATUS UPDATE

Recent Accomplishments

Tenant improvement work continued during April on floors 7, 8,11,12,13, and 14. The King County Medical Examiner's Office moved into NJB during the weekend of 5/2/09.

Scope

There have been no scope changes impacting the schedule or cost of NJB since the council authorized the addition of an HMC Server Room on May 8, 2007 by Ordinance 15738.

Schedule

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)

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 – 07/11/09
	KCME	Complete	01/05/09	01/05/09 (actual)	KCME – 05/02/09 (actual)
	Pathology				Pathology – 07/11/09
3	UW Med School	Complete	01/05/09	01/05/09 (actual)	04/25/09 (actual)
	ISIS	Complete	12/09	12/09	12/09
	Radiology	Complete	12/09	12/09	12/09
	Freezer Farm	To be determined (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 (actual)
	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 (actual)
10	IT Services	Complete	01/05/09	01/05/09 (actual)	03/28/09 (actual)
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

Budget

As of April 29, 2009, the forecast cost at completion for the NJB project is \$ 183,782,503, including the building, parking garage, and the HMC server room. The projected construction cost includes \$ 5,650,000 in joint savings, which will be shared between WR and King County per the development agreement. King County's current share is \$ 2,955,000. This represents a \$ 1,028,000 increase over March 2009. FMD plans on using the county's share of joint savings to defray server room costs, independent oversight costs, and relocations costs for KCME, STD Clinic, and ITA Court.

In addition to construction, the project budget includes \$ 1,602,000 in King County administration and art costs, bringing NJB's total cost to \$ 185,384,503.

Construction Cost Summary* (*Includes a tenant improvement allowance of approximately \$ 20 sf for retail tenants. Excludes County administration and art costs.)

	Original KC Approved Budget	Proposed Budget (1)	Forecast Cost At Completion (2)	Actual Cost to Date (3)	% of Proposed Budget Expended	Forecast Balance to Complete
SHELL AND CORE						
Architectural & Engineering	\$ 4,472,000	\$ 4,883,707	\$ 4,883,707	\$ 4,440,679	90.93%	\$ 443,028
Construction (incl WR Contingency)	99,798,000	144,495,760	144,495,670	138,053,690	95.54%	6,441,980
Miscellaneous	1,634,000	1,537,500	1,537,500	684,012	44.49%	853,488
General Contingency	5,103,000	1,621,810	1,621,810	0	0.00%	1,621,810
Joint Savings	n/a	5,650,000	5,650,000	4,510,000	79.82%	1,140,000
Joint Savings Distribution	n/a	(4,510,000)	(4,510,000)	(4,510,000)	100.00%	-
Project Administration	6,705,000	8,631,994	8,631,994	8,003,885	92.72%	628,109
SUB-TOTAL	\$ 117,712,000	\$ 162,310,771	\$ 162,310,681	\$ 151,182,266	93.14%	\$ 11,128,415
SERVER ROOM (4, 5)						
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				n/a	
TENANT IMPROVEMENTS (5)						
Tenant Improvement Cost	\$ 47,423,000	\$ 14,264,075	\$ 14,264,075	\$ 9,698,118	67.99%	\$ 4,565,957
Tenant Design Contingency	11,500,000	7,020,183	7,020,183	0	0.00%	7,020,183
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
SUB-TOTAL	\$ 58,923,000	\$ 21,471,822	\$ 21,471,822	\$ 9,698,118	45.17%	\$ 11,773,704
CONSTRUCTION TOTAL (6)	\$ 184,293,016	\$ 183,782,593	\$ 183,782,503	\$ 160,880,384	87.54%	\$ 22,902,119

Notes:

- (1) Proposed Budget includes WR revisions reviewed and approved by FMD.
- (2) Forecast Cost At Completion amounts shown are based on WR's 5/27/09 draw request, which reflects project costs through 4/31/09.
- (3) Actual Cost to Date amounts shown are based on WR's 5/27/09 draw request, which reflects project costs through 4/31/09.
- (4) The change orders adding the server room totaled \$ 7,630,251 or \$ 27,775 below the original budget.
- (5) Tenant Improvement and Server Room costs are moved to Shell and Core as each building level is bid.
- (6) 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 through 4/31/09 as submitted in WR's 5/27/09 Draw Request)

TYPE OF CONTINGENCY	Original County Budget	Forecast Cost At Completion	Contingency Committed		Notes
			Amount	% of Budget	
OWNERS	\$ 1,320,000	\$ -	\$ 1,320,000	100.00%	Includes \$ 1,070,000 for building wireless system.
GENERAL (1)	\$ 5,103,000	\$ 1,621,810	\$ 3,481,190	68.22%	
SERVER ROOM	\$ -	\$ 187,564	\$ -	0.00%	
JOINT SAVINGS (1)	\$ -	\$ 5,650,000	\$ 4,510,000	79.82%	Shared between WR and KC per the development agreement. KC's share is \$ 2,955,000.
TENANT DESIGN (1)	\$ 11,500,000	\$ 7,020,183	\$ -	0.00%	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.

Issues and Risks

This project faces little if any scope, schedule, or budget risks through completion.

RECOMMENDATIONS

There are no recommendations for NJB at this time.

ACKNOWLEDGEMENTS

We appreciate the collaborative efforts of the Facilities Management Division, Wright-Runstad, Turner Construction and the University of Washington in providing for effective oversight of the Ninth and Jefferson Building project consistent with council intent. This report was prepared by Tom Wood of the Auditor's Office. Formal presentations regarding Ninth and Jefferson were provided on April 21, 2009 to the Government Accountability and Oversight Committee and on May 8, 2009 to the Harborview Medical Center Bond Oversight Committee. Should you have questions or comments regarding this report or the Ninth and Jefferson Building project, please contact Tom Wood, Capital Projects Oversight Analyst or Tina Rogers, Capital Projects Oversight Manager.

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