



KING COUNTY AUDITOR'S OFFICE
CAPITAL PROJECTS OVERSIGHT PROGRAM

NINTH & JEFFERSON BUILDING PROJECT OVERSIGHT REPORT FOR MAY 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, University of Washington Medical School, and county programs, including the King County Medical Examiner (KCME), 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, NJB Properties (NJBP) and Wright Runstad Associates LP (WR). It is being managed by the Facilities Management Division (FMD). This project is currently in the construction phase.

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 and public art. 12,000 sf of ground floor space is being developed for retail use. 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 Jan-10*

*County moves include KCME on 5/2/09, STD Clinic on 7/11/09, and ITA Court on 7/18/09.

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

Approved Budget	Forecast Cost at Completion (1)	Actual Costs through 05/31/09	% of Forecast Cost at Completion	Forecast Balance to Completion
\$ 184,293,016	\$ 183,782,503	\$ 166,022,042	90.34 %	\$ 17,760,461

(1) Includes \$ 5,650,000 in joint savings which will be shared between WR and King County per the development agreement. King County's share is forecast at \$ 2,955,000, which FMD plans on using to help defray certain project costs.

● **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

The King County Auditor's Office was created in 1969 by the King County Home Rule Charter as an independent agency within the legislative branch of county government. Its mission is to promote public trust in King County Government by providing audits and other services that improve performance, accountability and transparency.

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 15652 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 24th monthly Ninth and Jefferson Building (NJB) oversight report prepared by the King County Auditor's Office. It is being submitted by the Auditor's Capital Projects Oversight Program (CPO) 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 CPO when NJB was approved by Ordinance 15633. Oversight is conducted by attendance at weekly project meetings with the Facilities Management Division (FMD), Wright Runstad Associates LP (WR), and Turner Construction Company (TCC). Information is also obtained through analysis of monthly draw requests submitted by WR, review of construction quality assessments submitted by Falkin Associates to NJB Properties, and review of Harborview Medical Center (HMC) Major Capital Projects Quarterly Reports issued by FMD.

PROJECT STATUS UPDATE

Recent Accomplishments

Tenant improvement work continued during May on floors 7, 8,11,12,13, and 14. The King County Medical Examiner's Office (KCME) moved into NJB during the weekend of May 2, 2009.

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

The NJB project is proceeding without schedule risks. The building shell and core work was completed on February 27, 2009, approximately one week ahead of schedule. The parking garage was completed on July 28, 2008 for contractor and limited staff use. It is now open Monday – Friday for general public use and seven days/week for monthly pass holders.

All tenant design/bid documents 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 28, 2009.

As charted on the next page, tenants will be moving into NJB in phases. County moves include KCME on May 5, 2009, the STD Clinic on July 11, 2009 and the ITA court on July 18, 2009. There is a slight delay in the move-in plans originally stated for the Pharmacy area on floor 1 and the Institute for Simulation and Interprofessional Studies (ISIS) and Radiology areas on floor 3. The moves for all three areas were originally targeted during late December 2009 but have been delayed until January 2010 due to refinements in the construction schedule and conflicts with the holiday season.

Tenant Improvement and Move-In Schedule (“TBD” = To Be Determined)

Floor	Tenant	Tenant Improvement Schedule			Move-In Schedule
		Design/Bid Documents	First Reported Construction Baseline	Current Construction Forecast	
1	Main Lobby	Complete	Complete	Complete	N/A
	Pharmacy	06/30/09 (actual)	12/09	12/09	01/10
	Optical Shop	06/30/09 (actual)	06/09	07/21/09	07/21/09
	TBD Retail	TBD	TBD	TBD	TBD
2	ITA Court				07/18/09
	KCME	Complete	01/05/09	01/05/09 (actual)	05/02/09 (actual)
	Pathology				09/19/09
3	UW Med School	Complete	01/05/09	01/05/09 (actual)	04/25/09 (actual)
	ISIS	06/26/09 (actual)	12/09	12/09	01/10
	Radiology	06/26/09 (actual)	12/09	12/09	01/10
4	Sleep Clinic	Complete	03/05/09	03/17/09 (actual)	07/18/09
5	Spine Clinic	Complete	03/05/09	03/17/09 (actual)	05/16/09 (actual)
6	Ortho Clinic	Complete	03/05/09	03/24/09 (actual)	05/30/09 (actual)
7	Eye Clinic	Complete	05/11/09	05/11/09 (actual)	07/06/09 (actual)
8	IT Services	Complete	01/05/09	01/05/09 (actual)	03/28/09 (actual)
	Eye Clinic	Complete	05/11/09	05/11/09 (actual)	07/06/09 (actual)
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 (actual)	07/11/09 (actual)
	Global Health	Complete	08/09	09/01/09	10/09
12	Global Health	Complete	05/09	08/17/09	10/09
13	Global Health	Complete	05/09	08/17/09	10/09
14	Neurosciences	Complete	05/09	08/17/09	09/12/09 and 09/26/09

Budget

As of May 31, 2009, the forecast cost at completion for the NJB project is \$ 183,782,503, including the building, parking garage, and the HMC server room. This amount is unchanged from April. It includes \$ 5,650,000 in joint savings forecast at completion, which will be shared between WR and King County per the development agreement. King County's joint savings share is forecast at \$ 2,955,000. Eighty percent, or \$ 4,510,000, of the joint savings forecast at completion has already been distributed to WR and the county. Twenty percent, or \$ 1,140,000, is being held in reserve to allow for adjustments if needed at project closeout.

FMD plans on using the county's joint savings share to defray server room costs, independent oversight costs, and relocations costs for KCME, STD Clinic, and ITA Court. They have agreed to discuss using any joint savings money to pay for independent oversight charges with council staff first since Ordinance 15633 specifies that up to \$ 100,000 of these charges must be paid from HMC's annual operating revenue.

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 per 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	\$ 4,473,884	91.61%	\$ 409,823
Construction (incl WR Contingency)	99,798,000	144,495,760	144,495,670	140,032,628	96.91%	4,463,042
Miscellaneous	1,634,000	1,537,500	1,537,500	729,814	47.47%	807,686
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	8,183,129	94.80%	448,865
SUB-TOTAL	\$ 117,712,000	\$ 162,310,771	\$ 162,310,681	\$ 153,419,455	94.52%	\$ 8,891,226
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	\$ 17,138,709	\$ 17,138,709	\$ 12,602,587	73.53%	\$ 4,536,122
Tenant Design Contingency	11,500,000	4,145,549	4,145,549	0	0.00%	4,145,549
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	\$ 12,602,587	58.69%	\$ 8,869,235
CONSTRUCTION TOTAL (6)	\$ 184,293,016	\$ 183,782,593	\$ 183,782,503	\$ 166,022,042	90.34%	\$ 17,760,461

Notes:

- (1) Proposed Budget includes WR revisions reviewed and approved by FMD.
- (2) Forecast Cost at Completion amounts shown are based on WR's 06/29/09 draw request, which reflects project costs through 05/31/09.
- (3) Actual Cost to Date amounts shown are based on WR's 06/29/09 draw request, which reflects project costs through 05/31/09.
- (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 05/31/09 as submitted in WR's 06/29/09 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	\$ 4,145,549	\$ -	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 been approved by FMD.

Issues and Risks

This project faces little, if any, scope, schedule, or budget risks through completion. There has been a slight delay in the move dates planned for the Pharmacy, ISIS, and Radiology programs. Moves for all three were originally scheduled during December 2009 but are now scheduled during January 2010. We agree that this adjustment makes sense given the difficulty of scheduling moves during the holiday season.

RECOMMENDATIONS

There are no recommendations for NJB at this time. We will be monitoring Wright-Runstad's retail tenant marketing efforts for the building until the construction project is officially closed-out.

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.

DISTRIBUTION

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