



KING COUNTY AUDITOR'S OFFICE

June 24, 2020

TO:
Metropolitan
King County
Councilmembers

FROM:
Kymber Waltnunson,
County Auditor

Children and Family Justice Center Flood Damage Being Repaired, Expected Surplus Reduced

Flooding in two thirds of the first floor of the Children and Family Justice Center (CFJC), primarily the court facilities, means that the first floor will not be usable until mid-August 2020.

On April 24, 2020, a connection on the secondary main water line to the new CFJC broke loose, flooding most of the first floor of the court building.

Repairs are currently estimated at \$2 to 3 million and Facilities Management Division (FMD) states that costs will be covered by the contractor's insurer.

A \$500,000 quote for additional elevator preventive maintenance has also been received and is under review by the general contractor and insurer.

FMD states that there are no present disagreements between the County and contractor/insurer on any repair cost item, including overhead or County-expected expenses.

Surplus expected to be available to the general fund for County Council priorities is significantly reduced from earlier projections.

CFJC remains overbudget by \$21.2 million comparing construction costs to levy funds. FMD plans to cover this overage with revenue from sales/loans on surplus County-adjacent parcels (see Exhibit 1).

The project contingency balance is \$1.8 million. There is low risk of expending the full contingency balance unless there are unexpected outcomes in the current garage/tunnel excavation work.

EXHIBIT 1: Project costs increased faster than levy proceeds, reducing expected surplus.

<i>Dollar amounts are in millions.</i>	Original (2012)	July 2017	Dec 2018	April 2020
Total project costs ¹	\$216	\$223.2	\$241.2	\$241.8
Levy proceeds	\$210	\$219.2	\$219.2	\$220.3
Seattle Schools funds	\$0	\$1	\$1	\$1
Surplus property value ²	\$14.7	\$24	\$24	\$24
Surplus needed to cover project cost	\$6	\$3	\$21	\$20.5
Balance available to General Fund	\$8.7	\$21	\$3	\$3.5

Source: King County Auditor's Office

Notes: ¹ Project costs forecasted through the end of project which include all overhead, consultant expenses.

² Estimated land value should be updated and needs to include all potential transactional expenses.

Michael Bowers, capital projects oversight analyst, conducted this review. Please contact Michael or me if you have any questions about the issues discussed in this letter.



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