



KING COUNTY AUDITOR'S OFFICE

CAPITAL PROJECTS OVERSIGHT PROGRAM

NINTH & JEFFERSON BUILDING PROJECT OVERSIGHT REPORT FOR SEPTEMBER 2009

CURRENT RISK RATING ● This project is on track with no scope, schedule, or budget issues. No recommendations are made at this time.



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, 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 Needed ◆ = Corrective Action Needed

● **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 Jan-10
Phased Tenant Move-In (3)	Q3 – 2009	Mar thru Jan-10*

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

● **Budget** (Includes HMC server room and a \$ 20 per sf tenant improvement allowance for retail space. Excludes county administration and art costs.)

Approved Budget	Forecast Cost at Completion (1)	Actual Costs through 09/30/09	% of Forecast Cost at Completion	Forecast Balance to Completion
\$ 184,293,016	\$ 183,782,503	\$ 177,340,106	96 %	\$ 6,442,397

(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

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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 15652 in 2006. 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 28th monthly Ninth and Jefferson Building (NJB) oversight report prepared by the King County Auditor's Office. It is being submitted by the Capital Projects Oversight Program (CPO) to the Government Accountability and Oversight Committee on the status of the scope, schedule, budget, and risks for the NJB project. We continue to show the risk level for the NJB project as green, indicating that there are no current concerns regarding scope, schedule, or budget risks. There are no recommendations for the project team at this time.

The King County Auditor's Office (KCAO) was directed to provide independent oversight of NJB in September 2006 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 in the pharmacy area on floor 1 and the radiology area on floor 3 during September. The permit application for the retail gym area on the ground floor was submitted on September 30th as planned. All other tenant improvement work scheduled for the building has been completed, except for the vacant retail area on floor 1, which will be improved as tenants are identified.

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 in February 2009. The parking garage has been open since April 2009 for general public use. The tenant improvement work is in progress.

All tenant design/bid documents are complete except for the ground floor retail space. The retail space will be designed as retail tenants are identified. All tenant improvement work, except un-leased retail, should be completed by January 4, 2009, which is one week later than stated in the August report. This does not impact HMC's move-in plans.

As charted on the next page, tenants are moving into NJB in phases. All county moves have been completed. As reported in May, the move-in plans for Pharmacy, the Institute for Simulation and Interprofessional Studies (ISIS), and Radiology have been extended until January 2010 due to coordination with hospital schedules and the holiday season. WR and HMC are anxious to complete the retail gym area by mid-December to help assure that the gym vendor has a successful opening, including benefiting from membership sales opportunities during the holiday season.

Tenant Improvement and Move-In Schedule*

Floor	Tenant	Tenant Improvement Schedule			Move-In Schedule
		Design/Bid Documents	First Reported Completion Forecast	Current Completion Forecast	
1	Main Lobby	Complete	Complete	Complete	N/A
	Pharmacy	Complete	12/09	12/09	01/10
	Optical Shop	Complete	06/09	07/20/09 (actual)	07/27/09 (actual)
	Gym Retail	Complete	12/16/09	12/16/09	TBD
	TBD Retail (+/- 7,000 sf)	TBD	TBD	TBD	TBD
2	ITA Court	Complete	01/05/09	01/05/09 (actual)	07/18/09 (actual)
	KCME				05/02/09 (actual)
	Pathology				09/19/09 (actual)
3	UW Med School	Complete	01/05/09	01/05/09 (actual)	08/09 (actual)
	ISIS	Complete	12/09	12/31/09	01/10
	Radiology	Complete	12/09	12/31/09	01/10
4	Sleep Clinic	Complete	03/05/09	03/17/09 (actual)	07/18/09 (actual)
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 08/09	04/02/09 (actual)	07/11/09 (actual)
	Global Health	Complete		09/01/09 (actual)	10/09
12	Global Health	Complete	05/09	08/17/09 (actual)	10/09
13	Global Health	Complete	05/09	08/17/09 (actual)	10/09
14	Neurosciences	Complete	05/09	08/17/09 (actual)	09/19/09 and 09/26/09 (actual)

* "TBD" = To Be Determined.

Budget

As of September 30, 2009, the forecast cost at completion for NJB construction work is \$ 183,782,503, including the building, parking garage, and the HMC server room. This amount has been unchanged since June. 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 to use the county's joint savings share to defray server room costs, furniture costs, independent oversight costs, and relocation 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 the total cost of the NJB project to \$ 185,384,503.

Construction Cost Summary ¹

	Original KC Approved Budget	Proposed Budget ²	Forecast Cost at Completion ³	Actual Cost to Date ⁴	% of Proposed Budget Expended	Forecast Balance to Complete
SHELL AND CORE						
Architectural & Engineering	\$ 4,472,000	\$ 5,014,207	\$ 5,014,207	\$ 4,475,941	89.27%	\$ 538,266
Construction (incl WR Contingency)	99,798,000	143,792,670	143,792,670	143,241,023	99.62%	551,647
Miscellaneous	1,634,000	1,520,000	1,520,000	807,271	53.11%	712,729
General Contingency	5,103,000	1,621,810	1,621,810	0	0.00%	1,621,810
Joint Savings Before Distribution	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	8,348,105	96.71%	283,889
SUB-TOTAL	\$ 117,712,000	\$ 161,720,681	\$ 161,720,681	\$ 156,872,340	97.00%	\$ 4,848,341
SERVER ROOM ^{5,6}						
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 ⁶						
Tenant Improvement Cost	\$ 47,423,000	\$ 22,034,251	\$ 22,034,251	\$ 20,467,766	92.89%	\$ 1,566,485
Tenant Design Contingency	11,500,000	-	-	0	n/a	-
Server Room General Contingency	0	27,571	27,571	0	0.00%	27,571
Server Room Owner Contingency	0	-	-	0	n/a	-
SUB-TOTAL	\$ 58,923,000	\$ 22,061,822	\$ 22,061,822	\$ 20,467,766	92.77%	\$ 1,594,056
CONSTRUCTION TOTAL ⁶	\$ 184,293,016	\$ 183,782,503	\$ 183,782,503	\$ 177,340,106	96.49%	\$ 6,442,397

Notes:

- (1) Includes a tenant improvement allowance of approximately \$ 20 per square foot for retail tenants. Excludes \$ 1,602,000 in KC administration and art costs, which are carried in a separate budget.
- (2) Proposed Budget includes WR revisions reviewed and approved by FMD.
- (3) Forecast Cost at Completion amounts shown are based on WR's 10/29/09 draw request, which reflects project costs through 09/30/09.
- (4) Actual Cost to Date amounts shown are based on WR's 10/29/09 draw request, which reflects project costs through 09/30/09.
- (5) The change orders adding the server room totaled \$ 7,630,251 or \$ 27,775 below the original budget.
- (6) Tenant Improvement and server room costs are moved to Shell and Core as each building level is bid.

Construction Contingency Budget Summary* (*Proposed budget and contingency amounts through 09/30/09 as submitted in WR's 10/29/09 Draw Request. The amounts shown are unchanged from the August 2009 report.)

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	\$ 5,103,000	\$ 1,621,810	\$ 3,481,190	68.22%	
SERVER ROOM	\$ 346,103	\$ 27,571	\$ -	0.00%	
JOINT SAVINGS	\$ -	\$ 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	\$ 11,500,000	\$ -	\$ -	n/a	These funds have been fully reallocated to "Tenant Improvements" since all design work for the county and HMC tenants for the building is complete.

Issues and Risks

This project faces little, if any, scope, schedule, or budget risk 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 the NJB project team at this time. We will be monitoring WR's retail tenant marketing efforts for the building until the construction project is officially closed out. As of September 30, 2009, approximately 5,000 square feet of retail space for an optical shop and a gym has been agreed to, representing 42 percent of the 12,000 square foot retail area available. This figure has not changed since July 2009. HMC is considering the best mix of tenants for the remaining space.

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. Tom Wood of the auditor's office prepared this report. No formal presentations to council are scheduled at this time. 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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