



DATE: December 16, 2016

TO: Metropolitan King County Councilmembers

FROM: Kymer Waltmunson, King County Auditor

SUBJECT: Follow-up on Capital Projects Oversight 2014 Review of Brightwater Close Out Report

This memo updates the status of the two recommendations made by the Capital Projects Oversight team in the 2014 review:

- The Central Tunnel litigation is continuing, with the contractor disputing \$15.4 million in legal fees awarded to King County.
- The Wastewater Treatment Division (WTD) completed the recommendation to close out all Brightwater mitigation obligations, which came in approximately \$800,000 under budget.

Of the two recommendations:

DONE	1	Recommendation has been fully implemented Auditor will no longer monitor
PROGRESS	1	Recommendation is in progress or partially implemented Auditor will continue to monitor
OPEN	0	Recommendations remain unresolved Auditor will continue to monitor

Please see the implementation status summary below for a description of WTD's progress and the work it still needs to complete.

Implementation Status as of December 2016

#	Quick Status	Recommendation	Status Detail
1	PROGRESS	We recommend that the County Executive provide timely notice to the County Council when final resolution of the Central Tunnel Litigation occurs and that WTD quantify the resultant changes, if any, to their estimated lifetime project cost-to-complete from the 2013 Trend Report.	<p>Recovery of the \$15.4 million awarded to King County for legal fees in the court decision against the Central Tunnel contractor is still being litigated. If the county prevails, the final amount awarded by the court will further reduce the total cost of the project, which was \$1.844 billion when last summarized by WTD in September 2016. This amount includes all costs recovered to date. It is less than the \$1.859 billion forecast in the 2013 Trend Report but higher than the \$1.790 billion established in the 2004 baseline budget.</p> <p>To complete this recommendation, all litigation involving Brightwater must be resolved and WTD must report the final total cost of the project to the County Council. To confirm this is completed, the Auditor's Office will follow-up again during 2017.</p>
2	DONE	We recommend that WTD proceed with close out of all mitigation obligations before the end of 2015, working to keep expenditures at or below current forecasts and realize potential savings.	WTD has completed all mitigation work and processed all payments. The total mitigation cost for the Brightwater project was \$147.9 million. This represents a \$0.8 million savings from the \$148.7 million mitigation budget.

Tom Wood, Management Auditor, conducted this review. Kymber Waltmunson, King County Auditor, was the project supervisor. Please contact Tom at 206-477-1039 if you have any questions.

cc: Dow Constantine, King County Executive
 Fred Jarrett, Deputy County Executive
 Rhonda Berry, Assistant Deputy County Executive
 Dwight Dively, Director, Office of Performance, Strategy and Budget
 Christie True, Director, Department of Natural Resources and Parks
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