



Children and Family Justice Center Project Oversight Report



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Executive Summary

King County's Facilities Management Division (FMD) is managing the Children and Family Justice Center project effectively and applying many lessons learned from past projects. They are targeting a \$210 million budget and a scheduled opening of the new courthouse and juvenile detention facility in 2018. We recommend FMD improve revenue and expenditure reporting, more transparently quantify schedule risks, and the County Executive ensure continued work on business processes and improved communication with the County Council.

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Children and Family Justice Center Oversight Report

Report Highlights

December 13, 2013

While the Children and Family Justice Center project is off to a good start, we make recommendations that, if implemented in early 2014, should increase accountability, result in greater benefits from the project, and better prepare the County Council for upcoming decisions needed to move the project forward.

● Scope

The project includes building a new 136,992 square foot (sf) courthouse with 10 courtrooms, a new 98,031 sf juvenile detention facility with 154 dorms, and a new four-level parking structure with 440 spaces. The existing buildings will be demolished, leaving 2.8 acres of the county-owned property at 12th Avenue and Alder Street unused. The current scope, for the most part, is consistent with the planning documents available in April 2012 when the County Council authorized the election for a levy to fund the project. This report describes the changes made to the 2012 scope.

● Schedule

The current project schedule is to complete the new court and detention facilities by mid-2018 and the parking structure by mid-2019. There was considerable progress during 2013, and although some milestones for procurement of a design-build team have moved out several weeks, the project appears to be on target to meet the schedule for completion of buildings.

● Budget

Expenditures to date are less than one percent of the working budget of \$210 million. The current budget includes reasonable contingency levels, \$1 million of which will likely be needed for scope changes made to date. Forecasts for levy revenues have improved since 2012; levy proceeds are more likely to be able to cover interim borrowing costs, if needed. Full budget appropriation for the project was sought through the 2014 annual budget request but complications arose and the project received design phase appropriation only.

● Most Closely Monitored Risks

These risks have been assessed to have high probability, impact, and urgency and are driven by outside forces, making it more difficult for the project team to mitigate. We most closely monitor:

- effective public outreach for environmental review and Seattle land use approvals
- adequacy of surrounding infrastructure to serve new facilities
- construction market cost increases
- protest to design-build procurement process
- construction-related labor disputes.

I. Project Scope

Section Summary

As expected, there have been some project scope changes since the County Council accepted planning documents in 2012, and at this time, the County Council’s role in approving the final scope is unclear. This report will highlight changes for which Facilities Management Division (FMD) has received approval through the project governance structure. Those changes added about 900 square feet (sf) to the size and about \$1 million to the cost of the planned new facilities. FMD will set the project baseline¹ scope, schedule, and budget sometime in mid-2014.

Project scope is consistent with voter-approved levy and adopted plans

The Children and Family Justice Center (CFJC) overall project scope is consistent with the voter-approved levy. The project is planned to replace outdated facilities for youth and family court services and juvenile detention at the county-owned 9.1-acre campus at 12th Avenue and Alder Street in Seattle. The replacement facilities will be built on the existing campus. The project includes a new courthouse with 10 courtrooms and associated support services, a 154-dorm juvenile detention facility, and a 440-space parking structure. Demolition of the existing buildings is part of the project.

This scope is consistent with the March 2012 Facilities Option Study and other plans accepted by the County Council when they authorized seeking voter approval of a levy to fund the project. Overall, the proposed detention facility is approximately 900 sf larger than shown in the 2012 plans.

Exhibit A: Compared to existing, the new court will be larger and detention smaller. Overall, scope has changed very little since 2012.

	Existing Facilities	2012 Replacement Facilities Scope	Current Replacement Facilities Scope
Courthouse building size (sf)	79,280***	137,770*	136,992****
Detention building size (sf)	125,145***	96,600*	98,031****
Total buildings size (sf)	204,425***	234,370*	235,023****
Number of detention beds	210	154**	154
Number of courtrooms	7	10	10
Parking facility type	Surface lot	4-level structure	4-level structure
Number of parking spaces	317	440	440
Site area used (acres)	9.02***	not available	6.30***

* From 2012 Children and Family Justice Center Facilities Option Study.

** From 4/3/2012 staff report to the County Council

***From FMD, 5/20/13

****From Decision Discussion Issue Summary, Decision Number 3, 7/22/13

¹ From King County Code 4.04.245.A.8 “Project baseline” is the scope, schedule, and budget set at the end of the preliminary design phase when the preferred alternative has been selected and design has progressed adequately to make reasonable and informed commitments, at thirty to forty percent design. Project baseline is used as a basis for variance reporting and performance measurement.

I. Project Scope

Governance structure in place to review changes

An oversight committee is in place to review scope changes. With the success of the levy vote and County Council approval to move forward with the project, the County Executive formed a governance structure, with FMD responsible for project management and a committee comprised of high-level officials and staff from agencies who will use the new facilities. Named the Children and Family Justice Center Oversight Committee² (Oversight Committee), this group serves, among other duties, to review and approve changes in the scope of the project within the overall constraints of the levy-funded project.

Scope modifications approved since 2012

Through our oversight activities, we monitor scope changes and highlight those of significance to the project outcome. Building on the planning studies, FMD proceeded with preliminary design activities to refine user space needs, operational adjacencies, and technical specifications for the new facilities. As expected, this work resulted in proposed modifications to the project scope, which FMD brought forward for the Oversight Committee to consider.

The Oversight Committee to date has approved three noteworthy scope changes that are estimated to cost \$1,049,000 more than earlier estimates. FMD is planning for these costs to be funded from project contingency. Exhibit A shows how the project scope differs in size from existing facilities and the modest overall change in scope since 2012 when County Council authorized a levy vote to fund the project.

Offices rather than cubicles for some courthouse staff

The first approved change is estimated to increase costs by \$543,000 to provide solid wall offices rather than cubicles for 59 Superior Court and two prosecuting attorney staff. The Oversight Committee approved this change after considering benefits to the customer experience, compliance with privacy rules, and staff

² Voting members on the Children and Family Justice Center Oversight Committee currently are: Dwight Dively, PSB Director; Fred Jarrett, Deputy County Executive; Caroline Whalen, County Administrative Officer; Claudia Balducci, Department of Adult and Juvenile Detention Director; David Chapman, Office of Public Defense Director; Richard McDermott, Presiding Superior Court Judge; Michael Trickey, Superior Court Judge; Paul Sherfey, Superior Court Chief Administrative Officer; Leesa Manion, Prosecuting Attorney's Office Chief of Staff; Kathy Lambert, Metropolitan King County Councilmember. Meetings are scheduled weekly and numerous staff representatives also attend, including a member of the Auditor's Office. Committee decisions are based on majority vote and considered final, unless the County Executive intervenes.

I. Project Scope

efficiencies. In addition to the cost, FMD identified the loss of flexibility for future staffing configurations as the main downside of this option.

Court space reconfigured to enhance functionality

During 2013 preliminary design work FMD, their consultants, and the end users of the courthouse were able to identify approximately 2,600 sf of space savings. Rather than reduce the planned size of the courthouse, the Oversight Committee approved reallocating this space to enhance priority components of the courthouse. These enhancements include:

- a resource room to consolidate interpreter services, court scheduling, and services from community organizations
- larger juvenile offender courtrooms of 1,200 sf each (up from 900 sf) to provide flexibility to use these two courtrooms for other types of juvenile and family court cases that need the larger courtroom size
- solid wall offices for 61 staff, discussed above.

Some detention housing made larger to support new concept

The Oversight Committee approved building one of the three detention housing pods using a new design concept with multiple potential applications at an estimated increased cost of \$506,000. This “transitional” pod has 54 dorms and is designed to be operated by non-county entities to serve juveniles in other ways, if not needed for detention in the future.

Compared to the standard housing, transitional housing units will have larger dorm rooms (110 sf compared to 70 sf) with a shower in each compared to one shower per seven dorms. Department of Adult and Juvenile Detention plans to use these dorms initially for detention, while assessing population trends and the ongoing need for all the detention units. This pod of four housing units with 14 dorms in each unit will have a separate external access and be built so that all or portions of the pod can be physically separated from the remainder of the secure detention providing flexibility for alternative uses in the future.

I. Project Scope

Offsetting reductions not approved

FMD identified a number of scope reductions to help offset the cost and size impacts of the approved larger detention housing units, but the Oversight Committee did not approve any. The proposed eliminations included a spiritual area, dental exam room, isolation vestibule, IT office, and a conference room. FMD also proposed the Oversight Committee consider reducing the number of showers provided in the transitional housing units. The Oversight Committee did not approve any offsetting scope reductions.

Alder Academy may be part of the project

The County is close to resolving the main element of scope uncertainty on the project. Replacing the Alder Academy, a Seattle School District alternative high school currently operating on the site, was not included in the scope of the levy vote. The project team and county leadership have devoted considerable effort to confirm the school district’s interest in and ability to fund construction of the Alder Academy as part of this project. The County is expecting a written confirmation of the School District’s verbal commitment to fund the new Alder Academy facilities. FMD is structuring the design-build contract documents to include the design and construction of the academy classrooms as an additive or alternative to provide flexibility to include the classrooms if the school district is able to fund them.

Further scope changes possible

In addition to the changes described above, there may be further scope adjustments as the contracting and design process continues. The chosen alternative delivery method for this project, known as design build, allows for consideration of items over and above the project scope that competing design-build teams include in their proposals. The County intends to request pricing from the teams on certain items, known as betterments, that the Oversight Committee identifies as high-priority additions to the project scope. Additionally, design-build teams may propose enhancements to the County’s specified project scope, if possible within the identified contract amount. Betterments and enhancements could include, for example, things such as more square footage, more durable finishes, and higher levels of energy efficiencies. Decisions about which, if any, betterments or enhancements to pursue will be made as design-

I. Project Scope

build team selection and contract negotiations proceed. FMD is working with the Oversight Committee to clarify their decision-making process.

Council involvement in scoping uncertain

It is unclear whether and if so, how, the County Council intends to approve the project scope. Ordinance 17304 stated that the exact project specifications shall be determined by the County Council, which would presumably include the project scope. FMD intends to send documentation to the County Council in May 2014, after selection of the design-build team, describing the project scope intended to be included in the design-build contract.

Additional study reduces future expansion space needs

The conceptual scope for a future Phase II expansion of court and detention facilities is 19 percent smaller than earlier plans. The current project is Phase I of a two-phase, long-range plan to meet children and family court and juvenile detention facility needs on the Alder and 12th campus. Phase II timing is uncertain as it is dependent on Superior Court operations, growth in caseload and detention population, and available funding. Consistent with County Council direction³ FMD has conducted conceptual space needs analysis for Phase II. This conceptual scope is needed to ensure that the Phase I final design does not preclude cost-effective facility expansion on the campus in the future. The Oversight Committee has approved the Phase II conceptual scope described in the table below.

³ Motion 13218 passed in May 2010 accepted a report that recommended that design work on the initial phase of court facilities include anticipated needs of subsequent phases to maximize cost effectiveness.

I. Project Scope

Exhibit B: The conceptual scope of Phase II is smaller than what the County Council accepted in 2012. Court space is significantly smaller; detention space is nominally larger.

	Phase II Scope March 2012 Facility Options Study	Phase II Conceptual Scope, Approved July 24, 2013
Courthouse building size (sf)	107,230	83,151
Detention building size (sf)	18,600	19,376
Total building area (sf)	125,830	102,527
Number of courtrooms	7	7
Number of detention dorms or planned population	56	56
Number of parking spaces	197	197

Changes in Phase II scope similar to Phase I changes

Like in Phase I, refinements in the Phase II scope reflect decreased space for court functions and increased space for transitional detention dorms. Based on this conceptual plan for Phase II, the court facilities can be accommodated in a two-story addition on the new courthouse. The conceptual plan for future expansion of the detention facility consists of one pod of four, 14-dorm housing units. Two of the four units are planned as “transitional” units, with larger dorms and individual showers. The 6.3 acre site plan for Phase I accommodates the footprint for this additional detention pod.

Phase II parking scope not refined

A transportation and parking study update is currently underway and could result in changes to parking expansion concepts. Until that is done, the size of and how Phase II parking expansion would be accommodated is uncertain.

Some elements of Phase II may be built as part of this project

Depending on costs of the Phase I scope, some elements of Phase II could be included in the design-build contract. The Oversight Committee may include some Phase II elements in the list of betterments for which pricing is required from all competing design-build teams. FMD and the Oversight Committee are currently discussing the decision-making and authorizing process that will be used if construction of some desired elements of Phase II is possible within the current project budget.

2. Project Schedule

Section Summary

Although some milestones moved out a few weeks, FMD's forecast to complete new buildings by mid-2018 has not changed. Some milestone target dates have slipped, but FMD still forecasts that construction of the new courthouse and detention facility will be complete by the middle of 2018. Completion of the parking facility is targeted for the middle of 2019.

Schedule forecasts have not changed from the original estimates

The current schedule for the courthouse and detention facility calls for these new buildings to be completed by the middle of 2018, which is unchanged from FMD's original schedule. Completion of the parking garage is forecast for mid-2019, also unchanged from FMD's original schedule.

While the target dates for selection of the design-build team have been pushed back by several weeks, these delays should not affect the facility construction completion date. According to FMD, selecting a design-builder by May 2014 should not affect the final project completion date. At this time, deadlines for City of Seattle land use permitting actions are more critical to the overall project schedule. Exhibit C shows major milestones on the current, preliminary project schedule.

Exhibit C: Major project milestones and current schedule target dates

Milestone	Target Date
Issue request for proposals from design-build teams	December 2013
Publicize the results of the county's environmental review	December 2013
Select the winning design-build team	May 2014
Begin facility construction	Mid-2015
Substantially complete courthouse and detention facility	Mid-2018
Substantially complete parking structure	Mid-2019

Significant progress by the end of 2013

FMD has effectively managed the project team and obtained Oversight Committee approvals to reach critical milestones in the environmental review process and design-build team procurement by year-end. FMD plans to issue the request for proposals from three qualified design-build teams by early December 2013. Reaching this major milestone required completing many activities:

- obtaining approval from the state to use the design-build method
- completion of a competitive process to select the three most qualified design-build teams to move forward in the county's procurement process

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- finalizing the program of space needs, adjacencies, and performance standards for all functions in the new buildings
- confirming their cost estimate through independent review
- drafting the proposed design-build contract.

FMD has also ensured that activities needed to issue the results of the county's environmental review of the project were completed this year. In addition to conducting numerous technical studies, the County implemented a comprehensive community outreach program to gather input from a neighborhood advisory panel and other interested parties to inform the site planning and environmental review of the project. Completing environmental review is a necessary step before the County can apply to the City of Seattle for the necessary land use actions and permits for the project.

Motivated project team and oversight committee

Driven by a desire to have new buildings that will improve the quality of service to clients and the work environment for employees, the project team and the Oversight Committee appear very motivated to keep the project on schedule. The project team is also motivated to avoid schedule delays by a concern about the potential for rising construction market costs. Current project cost estimates include an assumed three-percent inflation rate through the planned mid-point of the construction schedule.

3. Project Budget

Section Summary

Overall, budget management is sound, but changes in monitoring and reporting would provide additional clarity and transparency. FMD is managing the project based on a working budget of \$210 million. This budget is consistent with the levy vote and current revenue projections. Contingency levels appear reasonable. The project budget does not consider costs for interim borrowing, if needed, to meet project cash flows. After the design-build contract is awarded, FMD should develop cash flow projections to plan for timing and amount of anticipated borrowing. We recommend that monitoring and reporting of revenues and expenditures be improved to provide information that is more useful to decision-makers.

Working estimate is consistent with levy

FMD is basing all project decisions on a working budget of \$210 million. Since County Council authorized moving forward with the project, FMD has refined the project scope and specifications and had the project cost estimate independently verified. FMD intends to set a baseline cost estimate in 2014, after they have selected the design-build team. This baseline cost estimate will provide a basis for accountability for the project through completion.

Contingency level is reasonable but will need to be effectively managed

Delivering the project within budget using the available contingency will require diligent and effective project management. The working cost estimate includes a seven-percent contingency for design and a 10-percent construction contingency, levels consistent with most capital projects at the County. This contingency level appears reasonable for a project of this complexity; however, FMD has identified some cost risks unique to this project, and they are developing risk management strategies to mitigate cost risks. To date, the project governance has approved scope changes estimated to cost approximately \$1 million, of the project's roughly \$18.8 million preliminary estimated contingency. The FMD project team has alerted the Oversight Committee to be cautious about early decisions that increase costs and require commitment of contingency.

Expenditures within estimate but reporting may benefit from changes

To date, expenditures appear to be within the working cost estimate, but FMD's reporting method needs to be improved. FMD provides monthly reports to the Oversight Committee using their project management system, which collects expenditure data from the County's financial system. To provide more timely cost results, FMD reports mid-month, before financial system closing. While mid-month expenditure inquiries may provide useful real-time information for project teams, they are not as reliable or appropriate as closed month data for published oversight.

3. Project Budget

Exhibit D: Less than one percent of estimated project costs have been spent.

Phase	Working Cost Estimate*	Expenditures to Date**	% Working Estimate Spent
Preliminary design	\$5,035,268	\$1,804,635	36%
Final design	-	-	-
Implementation	204,668,740	77,559	0.04%
Close out	295,992	-	0%
Total	\$210,000,000	\$1,882,194	0.9%

* As shown in 2014 annual budget request

** Through October 2013 from county’s financial system

Final design phase costs not shown

The project cost estimate does not break out final design phase costs, which is inconsistent with county practice. As shown in the 2014 executive proposed annual budget, the project budget shows the final design phase estimated costs lumped with the implementation (construction) phase. While this approach aligns with how the project will contract for the design-builder, it does not comply with the phase definitions in the King County Code. Budgeting and monitoring expenditures using the county’s standard phase definitions provides better accountability and enables comparisons of project outcomes across different types of projects and contracting methods. If using consistent practices, this project can provide valuable information as the County has done few design-build projects in the past.

Recommendation I

To ensure that expenditure monitoring is consistent with other county projects, we recommend that FMD’s cost estimates and expenditure reporting separate the final design and construction phases.

Updated forecasts of levy revenues are promising

Updated forecasts of nine-year levy revenues are higher than the forecasts in place when County Council authorized the levy vote. The King County Office of Economic and Financial Analysis publishes updated forecasts of county revenues three times each year. The most recent update was published in August 2013 and forecasts the nine-year CFJC levy value approximately \$4 million higher than the \$210 million forecast presented to County Council in April 2012. At that time, council staff reported that levy proceeds may not be adequate to cover costs associated with interim financing for the project. Staff reported in 2012 that interim borrowing costs could be as high as \$6 million. The need for and cost of interim financing is unknown at this time. Although early in the nine-year levy, the updated forecast indicates potential that levy revenue could support a larger portion of the project’s interim borrowing costs than expected in 2012.

3. Project Budget

Levy reports lack context

FMD reports the gross levy collections, investment interest, service fees and net increase to cash to the Oversight Committee each month. This reporting does not provide context for how collections compare to forecasts for the current year nor how the official forecast for the nine-year life of the levy is changing.

Cashflow forecasting important for policy decisions

Decision-makers would benefit from improved cash flow monitoring and forecasting. Following the selection of a design builder and setting the project baseline, FMD plans to develop a comprehensive reporting tool to provide the Oversight Committee with a forecast of cash flow based on best available revenue and expenditure information. This reporting tool would be expected to consolidate actual and forecast revenue and expenditure information over the life of the project consistent with planned and actual schedule progress. If kept up to date, this tool would provide useful information to help understand cost implications of schedule changes and plan for interim project borrowing.

Recommendation 2

We recommend that as FMD develops their cash flow forecasting tool, they consult with the Oversight Committee, Finance and Business Operations Division, and council staff to ensure that the tool provides information useful for formulation of project and policy decisions.

Complication with annual budget request

The County Council did not initially support request for full project funding in 2014. As part of the 2014 annual budget proposal, the County Executive requested the remaining⁴ \$205 million estimated project costs to fully fund final design and construction costs. Instead, the County Council approved \$12 million. The County Executive's request sought full funding authority before signing a design-build contract planned for May 2014. While desirable to simplify contract language and communicate funding certainty to design-build teams, we found examples that other public projects in Washington state had executed design-build contracts before obtaining full funding authority for construction phase work. Recent action⁵ by the County Council resulted in full funding appropriation for the project.

⁴ The 2013 annual county budget included a \$5,035,268 appropriation for the preliminary design phase.

⁵ Proposed Ordinance 2013-0457 adopted December 9, 2013.

3. Project Budget

Mandated report not provided

A further complication to gaining County Council approval of construction funding arose in that the County Executive had not prepared a report on heating and cooling alternatives for the new facilities. County Council had mandated⁶ they receive the report in advance of the County Executive requesting project construction funds. FMD plans to have the selected design-builder prepare the required report as part of their final design phase work.

⁶ Section 8 of Ordinance 17304, which authorized the special election for the property tax levy to fund the CFJC project, outlined the required report contents.

4. Project Risks

Section Summary

FMD is establishing effective risk management for the project but may over or under represent the impact of schedule risks. FMD is following best practices for risk management activities in their project management plan. The first formal risk assessment process provided timely information to ensure that the procurement and contract documents address, and where possible, mitigate potential risks. We recommend that FMD more clearly quantify the impact of schedule delays.

Risk assessment influencing procurement and contract documents

FMD and their consultants have recently completed a formal risk assessment to guide future risk mitigation activities. Consistent with best practices, FMD convened a group of project team members and stakeholders with broad perspectives and used a consultant specializing in risk management to facilitate discussion and document potential risks. Working with FMD staff, this consultant then assessed the potential impact, probability of occurrence, and urgency of the risks and identified the person responsible for addressing each risk. The information developed is included in a document known as the risk register, which will provide a dynamic tool to guide project activities. The risk register also serves as a tool for reporting to the Oversight Committee. Of the risks identified during this process, many can be addressed in the design-build procurement and contract documents, which is the current focus of the project team.

Impact of schedule risk not clearly quantified

FMD's risk register could be improved by quantifying the impact of schedule delay in a more transparent way. The project risk register defines the level of impact as a range of costs that would constitute a high, medium, or low impact. FMD's consultant said that professional judgment was used to convert schedule delays to a cost and subsequently categorize the level of impact. Without documentation of this conversion, an independent review of the level of impact caused by delay is difficult. The project risk register could potentially over or under represent the impact of schedule delays and the project team could over or under emphasize the need to take mitigation actions. Having the project team and project governance work from a common understanding of the impact associated with a delay could help improve project decision-making.

Recommendation 3

We recommend that FMD transparently quantify the impacts of schedule risks to avoid over or under emphasizing the impact of delays on overall project outcomes.

4. Project Risks

Oversight focus on risk management

Our oversight will focus on the project team’s risk management activities. Auditor’s Office staff attended the risk assessment workshops and reviewed the project management plan for ongoing activities related to risk management. We will monitor the compliance with the plan and continue to report on the effectiveness of risk mitigation activities.

Current risks prioritized for oversight

Some identified risks are driven by external forces that are more difficult for the project team to mitigate. We will closely monitor five priority risks that currently rate high in terms of impact, probability, and urgency despite planned mitigation actions, and which are influenced predominately by external forces. These include:

- effective public outreach to support the environmental review and approval of a text amendment to Seattle’s zoning code
- the adequacy of the surrounding infrastructure (e.g., utilities, roads, and transit) serving the new facility
- increases in the market costs of the materials, labor, and equipment necessary to implement the project
- a protest to the procurement process for selecting the design-build team
- labor disputes during construction resulting in schedule delays.

5. Focus of Oversight

Section Summary

FMD is leveraging lessons learned from past projects but actions are needed to realize additional benefits of the project and prepare the County Council for upcoming policy decisions. FMD officials have already established an effective project governance structure, objectively evaluated and selected an appropriate project delivery method, and found cost savings and other benefits from business process changes coordinated with the new facility design. However, there appear to be other opportunities that could yield benefits through continued business process evaluation and development. Many project-related policy decisions will need to be made over the next five years. For these reasons, we recommend the County Executive: direct FMD and other involved entities to continue working on business process evaluation and development, and establish an effective communication process with the County Council.

FMD is effectively applying many lessons learned from past projects

A supportive governance structure is being managed effectively. FMD has established and is effectively managing a project governance structure with clear roles and responsibilities. FMD personnel meet weekly with the Oversight Committee, which is made up of executive branch management, end user agency personnel, and some separately elected officials. Members of the Oversight Committee include representatives from County Council, Executive Office, Superior Court, Department of Adult and Juvenile Detention, Department of Judicial Administration, Prosecuting Attorney's Office, and the new Department of Public Defenders.

This group reviews and approves key deliverables and scope changes that depend on use of contingency funds. The Oversight Committee has demonstrated a commitment to adhering to schedules for decision-making, holding project management accountable to the schedule, and keeping the project scope from growing beyond the established budget limitation. We observed strong engagement of end users and other stakeholders and expect this active oversight will continue as it is documented in the Oversight Committee-approved project management plan.

The process to select a project delivery method for this project may provide a model for future county capital construction projects. FMD conducted a comprehensive and objective process to select the project delivery method best suited to meet the goals of this project. FMD personnel evaluated the traditional design-bid-build project delivery method and three alternative methods: general contractor construction manager; developer delivered lease-leaseback; and design-build. To evaluate the four methods, FMD assembled a knowledgeable panel with a broader representation of

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professionals than has been used on past projects. FMD personnel also consulted with staff from the Auditor's Office, and they documented their evaluation process. After considering all of the alternatives, FMD recommended, and the Oversight Committee approved, the design-build approach as the best method to achieve overall value and balance the sometimes-competing interests of project cost, owner interests, and financing concerns.

The selected design-build method uses a single contractor for both the design and construction of a facility. Under this project delivery method, an owner selects a team based on a two-step competitive process- first on qualifications, then on the quality of proposals submitted by a short list of most qualified teams. Construction and design professionals from the selected team collaborate on plans and agree to the project cost when they execute a contract with the owner. The design-build method may allow for faster project completion because the design and construction phases can overlap.

Use of any alternative delivery method requires approval by the state, which FMD obtained for this project in July 2013. FMD's application to use the design-build method described three advantages to this approach that serve the public interest:

- provides highly predictable cost and schedule control
- promotes owner-focused team collaboration
- supports a fast and flexible construction schedule.

Roles are understood

To ensure that all parties participating in project decisions understand the design-build process, FMD has invested in training to certify their project manager, and they selected project management consultants experienced in design-build projects. Additionally, FMD devotes time during Oversight Committee meetings to make sure that all participants understand the design-build process and its impact on the county's role and contractual responsibilities.

The project team has identified some operational efficiency by evaluating business processes during early planning. The CFJC project provides an opportunity to make changes to existing business processes that would enhance service delivery, improve efficiency and safety, and reduce

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operating costs. To that end, FMD conducted planning activities allowing the facility's future users to evaluate potential opportunities to improve operational efficiencies and service improvements in the new facility.

FMD personnel and facility end users anticipate the new facility along with changes in their business processes will result in improved safety and higher quality services. Moreover, the Department of Adult and Juvenile Detention (DAJD) expects staffing costs can be reduced by an estimated \$750,000 annually. Examples of business processes that have been evaluated and will change as a result of the new facility design include:

- Changing the duties of intake officers to include monitoring visitation will save three duty positions, or nine FTEs in three shifts. This change was made possible by planning for a closer proximity of the functions in the new detention facility. Similarly, co-locating reception and scheduling service areas allows for the sharing of staff during parts of the day.
- Locating dispersed classrooms and outside recreation spaces within detention housing units will result in fewer times that detained youths need to be moved. This reduces staffing needs as well as improves safety. Additionally, youths will have access to classrooms in the housing units during times other than school hours.
- Placing judges' offices on floors away from courtrooms allows for more efficient detainee movement for court appearances, with all courtrooms able to fit on two floors. Group waiting rooms for detainees appearing in multiple courtrooms reduces detention staffing required for transport and supervision during court appearances.

Business process evaluation and development is incomplete

Changes to other current business processes may increase the benefits of the project. There are some areas where the design process to date has considered little or no change to the county's current practices. There may be additional benefits achieved through more in depth evaluation in areas such as:

- technology design to further streamline operations in courtrooms and detention, separately and at points of coordination
- court schedules and movement of detainees for court appearances
- monitoring detention population and decision process on whether to use the transitional housing units for detention or alternative uses
- medical clinic operations

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- housing assignments to minimize open units for given population and meet staffing model goals
- efforts to reduce employee parking demand.

These and other areas with potential opportunities for streamlining and improving business processes should be evaluated as the final facility design phase begins. Business processes that involve multiple departments and those potentially needing to be bargained with labor are more difficult for the project team to encourage and make happen without greater involvement from the County Executive.

New features in the CFJC will require timely development of business processes. In some cases, the new facility has elements that require new business processes be developed to use the new facility as intended. FMD will need to identify responsible parties to develop a schedule and implement the necessary actions to be ready to fully use the new facility at the planned opening. Facility features that will require the County to develop new operational procedures will include:

- dental clinic service provider and operations
- community room use and scheduling
- child care center service provider and operations
- detention schools in housing units
- access and use of resource and meeting rooms by non-county entities
- parking structure operations
- Alder Academy operations
- coffee shop or snack bar operations.

Recommendation 4 To maximize potential benefits from improved functionality and economy of operation at the new facilities, we recommend that the County Executive work with the Oversight Committee to continue to evaluate existing business processes and develop procedures in preparation for moving to the new buildings.

5. Focus of Oversight

Council has many future project-related policy decisions

Many upcoming policy decisions may require County Council action over the next five years. FMD should ensure that adequate communication with County Council occurs to prepare for policy direction and legislation needed for the project to move forward according to schedule. Over the next five or six years, items that may require County Council action include:

- energy report acceptance
- determination of exact project specifications
- policy guidance for alternative use of transitional housing units if not needed for detention
- approvals of interlocal agreements and leases
- parking fees
- approval of labor agreements required to implement changes
- borrowing for interim financing
- annual decisions on levy amount.

Recommendation 5

To ensure that the project continues on schedule, we recommend that the County Executive establish a well-defined and systematic communication process with the County Council.

Conclusion

Additional executive actions could improve project outcomes. FMD has demonstrated effective project management and applied relevant lessons learned from past projects, but their project management authority does not extend to all related county decisions and activities. If implemented in early 2014, our recommendations from this section could result in greater benefits from the county's investments in the new court and detention facilities. Additionally, improving communications with the County Council will help the project obtain timely approvals and policy decisions necessary to move the project forward.