

Introduced By: Christopher Vance  
Greg Nickels

October 15, 1997

Proposed No.: 97-389

ORDINANCE NO. **12900**

AN ORDINANCE relating to capital improvement projects at Harborview Medical Center, amending Ordinance 10563, Section 2, as amended, and K.C.C. 2.42.080.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Ordinances 10563, Section 2, as amended, and K.C.C. 2.42.080 are

each hereby amended to read as follows:

Medical Center - Capital Improvement - Policy - Requirements.

A. The medical center shall prepare a long-range capital improvement program (CIP) plan, which shall be approved by the board and by the county governing authority by ordinance. The long-range CIP plan shall identify the medical center's needs for ensuring quality patient care consistent with the medical center's mission statement and county policy describing the medical center's purpose, priority programs, priority patient groups and other requirements set forth in this chapter. The long-range CIP plan shall be updated at least once every five years, or more frequently, if deemed necessary by the board. All changes to the long-range CIP plan will be treated as amendments to the plan previously approved by ordinance.

1           B. Annually, the medical center shall prepare a six-year CIP budget, which shall be  
2 approved by the board and submitted to the county executive consistent with the executive's  
3 annual budget preparation process. The medical center CIP budget shall contain the specific  
4 capital improvements necessary to meet the needs, policies and priorities identified in the  
5 approved long-range CIP plan.

6           C. The county executive shall submit the medical center's six-year CIP budget to the  
7 county council as part of the executive's proposed six-year CIP budget for the county. The  
8 council will review the proposed CIP budget and approve appropriations for all medical  
9 center CIP projects subject to subsection E. below, for the following year.

10           D. All capital improvement projects at the medical center which are funded in whole  
11 or in part with the proceeds of county tax revenues, bonds or other debt issued by the county,  
12 grants to the county, gifts or donations to the county shall be subject to, planned and  
13 administered consistent with this chapter and Title 4 of the King County Code.

14           E. Notwithstanding any provisions of this chapter or Title 4 of the King County  
15 Code to the contrary, all capital improvement projects at the medical center which are funded  
16 exclusively with medical center revenues and which are budgeted over the life of the project  
17 for an amount not exceeding \$1,000,000, shall be managed, designed, planned, developed  
18 and overseen by medical center administration, subject to review and approval by the board.  
19 All capital improvement project activities conducted pursuant to this subsection shall  
20 comply with state law, the provisions of this subsection and policies and procedures to be  
21 ~~((adopted))~~ approved by the county executive, following consultation with the board. Such  
22 policies and procedures shall include, but not be limited to, the following components:

1           1. Procedures for the open and competitive solicitation of bids for CIP projects  
2 costing more than \$10,000;

3           2. Elements to be included within all CIP project budgets, which shall include, at a  
4 minimum:

5           a. architect and engineering design fees;

6           b. consultant fees;

7           c. direct construction costs;

8           d. fees and permits;

9           e. on-site costs;

10          f. off-site costs;

11          g. contingency budget; and

12          h. project management and administration costs.

13           3. Policies and procedures to increase the opportunities for minority and women's  
14 businesses to participate in CIP project contracts. These policies and procedures shall  
15 include, at a minimum: separate utilization goals for the use of minority and women's  
16 businesses, which shall be reasonably achievable and shall be the minimum utilization  
17 identified in all bid solicitations; reporting and enforcement guidelines; and the identification  
18 of medical center staff necessary to implement this subsection;

19           4. Procedures for review and evaluation of design consultants;

20           5. Procedures for reporting and control, which shall include, at a minimum:

21           a. monthly reports from staff at the medical center to the board on the status of the  
22 budget, scope and schedule for all CIP projects subject to this subsection;

1 b. quarterly reports from the board to the county executive on the status of the  
2 budget, scope and schedule for all CIP projects subject to this subsection;

3 c. immediate notification by staff at the medical center to the board and the  
4 county executive, if a CIP project subject to this subsection exceeds its authorized budget;

5 d. semi-annual reports from the board to the county executive for transmittal to  
6 the county council on the status of the budget, scope and schedule for all CIP projects subject  
7 to this subsection;

8 e. annual reports from the board to the county executive for transmittal to the  
9 county council evaluating the medical center's compliance with its utilization goals for  
10 minority and women's business participation in CIP projects subject to this subsection.

11 F. All costs of capital improvement projects administered by the medical center  
12 pursuant to subsection E. shall be paid from medical center revenues. So long as  
13 management of the medical center is delegated by contract to the University of Washington,  
14 exemption of such capital improvement projects from Title 4 of this code shall be effective  
15 only if the University agrees to indemnify the county and its elected and appointed officers,  
16 agents and employees from costs, claims, damages or liability arising out of such capital  
17 improvement projects in a form acceptable to the county.

18 G. Subsection E. shall remain in effect until June 30, ~~((1995,))~~ 2010, the expiration  
19 date of the current management contract between the Harborview Medical Center Board of  
20 Trustees and the University of Washington Board of Regents. ~~((It is the intention of the  
21 county to evaluate and make capital project management a matter for discussion during the  
22 renegotiation of the management contract.))~~

1           H. From the annual operating revenue of Harborview Medical Center, the medical  
2           center shall fund depreciation reserves to be allocated to the major movable equipment  
3           (fund 502) and building repair and replacement (Fund 3961) funds and transfer this  
4           depreciation reserve funding into the respective capital funds. Harborview Medical Center  
5           shall designate a minimum of \$10.8 million annual depreciation reserve commitment and  
6           allocate it as follows: (1) The building repair and replacement fund annual funding amount  
7           shall be in accordance with the annual budget submitted to the county, but shall not be less  
8           than \$4.0 million per year; (2) The balance, or not less than \$6.8 million of the minimum  
9           \$10.8 million annual depreciation reserve commitment will be allocated for moveable  
10           equipment. An annual report will be provided to the County Executive and Council  
11           detailing major moveable equipment expenditures and revenue sources in Fund 502. The  
12           requirement to fund depreciation reserves will be re-evaluated upon the completion of the  
13           independent evaluation of Harborview's finances established in Subsection H.

14           1. The transfers to Funds 3961 and 502 shall occur no later than 30 days after the  
15           end of the medical center's fiscal year.

16           2. When planned expenditures exceed the funds available in the building repair  
17           and replacement fund, the additional funding will come from an extraordinary funding source  
18           other than the County's Current Expense Fund.

19           3. The difference, between the \$6.8 million available for moveable equipment and  
20           the \$10.8 million projected moveable equipment need, or \$4.0 million annually, will be  
21           included as part of an allotment through an extraordinary funding source, not including the  
22           County's Current Expense Fund

1           4. The County, in collaboration with Harborview and the University of  
2           Washington, will support an independent evaluation of Harborview financial information  
3           included in the Arthur Andersen report submitted to the County in May 1997 and source  
4           funding opportunities, in conjunction with the (1997-98) LRCIP facility study and master  
5           plan review currently underway. The independent evaluation shall be completed by May 1,  
6           1999.

7           I. King County will continue to be responsible for major long range (LRCIP)  
8           infrastructure capital repairs, replacements and improvements and major (LRCIP)  
9           additions, using voter approved bonds or other funding mechanisms approved by the  
10           county governing authority.

11           ((H)) J. There is created a Medical Center Building Repair and Replacement Fund,  
12           which shall be a county capital project fund and shall be used to account for the regular  
13           segregation of building repair and replacement capital reserves, including investment income.  
14           From the building repair and replacement fund shall be drawn payments for the acquisition of  
15           fixed equipment, building renovations and improvements as approved by the board.

16           ~~((L)) Thirty days after the end of the medical center's fiscal year, the board shall~~  
17           ~~transfer to the building repair and replacement fund an amount equal to the budgeted building~~  
18           ~~and equipment replacement reserve as approved in the medical center's budget for the~~  
19           ~~preceding fiscal year; provided that the amount transferred shall not be less than the approved~~  
20           ~~funded plant depreciation level for the fiscal year.))~~

21           ((2)) 1. Monies deposited in the building repair and replacement fund shall be  
22           invested solely for the benefit of that fund. The board may make transfers to the fund on a  
23           more frequent basis.

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1 ((3)) 2. The monies deposited in this fund shall be used solely for the renovation  
2 and/or improvement of the medical center's buildings and equipment, subject to the capital  
3 budgeting provisions of this chapter

4 INTRODUCED AND READ for the first time this 30<sup>th</sup> day of

5 June, 1997.

6 PASSED by a vote of 12 to 0 on this 20<sup>th</sup> day of October, 1997.

7 KING COUNTY COUNCIL  
8 KING COUNTY, WASHINGTON

9  
10 Jane Hogue  
11 Chair

12 ATTEST:

13  
14 Amerson

15 Clerk of the Council

16  
17 APPROVED this 30 day of October, 1997

18 Paul Ammon  
19 King County Executive

20 Attachments: None