



# KING COUNTY

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

## Signature Report

June 21, 2011

Motion 13498

Proposed No. 2011-0206.3

Sponsors Phillips

1           A MOTION implementing the recommendations of the  
2           county auditor final oversight report on the Ninth and  
3           Jefferson Building; requesting the executive to review  
4           county procedures for management of capital projects with  
5           alternative delivery methods, streamline the county's retail  
6           lease approval process, and develop strategies to facilitate  
7           county project managers in managing public-private  
8           partnership projects.

9           WHEREAS, the initial Ninth and Jefferson Building ("NJB") project was  
10          authorized to be a 144,380 square foot building with a 480 stall parking garage for 89.8  
11          million dollars, and

12          WHEREAS, the NJB was part of the Harborview Bond Project, managed by the  
13          University of Washington Capital Project Office for King County, and

14          WHEREAS, in August 2003 the council approved increasing the project to a  
15          190,000-square-foot medical office building with a 630-stall parking garage and a budget  
16          of 119.4 million dollars, and

17          WHEREAS, the county stopped construction after an approximately 15-million-  
18          dollar cost overrun was projected, and

19 WHEREAS, the county removed the project from the scope of the Harborview  
20 Bond Project managed by the University of Washington and restructured the project as a  
21 63-20 public-private partnership managed by the facilities management division, which  
22 structure involves a nonprofit that financed the project using tax exempt bonds,  
23 contracted for development and owns and manages the building during a lease-back  
24 period while Harborview's rent is used to pay back the development costs, after which the  
25 county owns the building, and

26 WHEREAS, the restructured NJB project delivered a 440,000-square-foot  
27 medical office building and garage on schedule and within a 188.7-million-dollar budget,  
28 including making use of a substantial portion of the work done on the initial cancelled  
29 project, and

30 WHEREAS, the NJB project was a major undertaking that spanned many aspects  
31 of county capital project management and therefore provides a valuable opportunity to  
32 closely examine what worked well and what could be improved in county construction  
33 management, and

34 WHEREAS, on March 15, 2011, the King County auditor's office capital projects  
35 oversight program provided its final oversight report on the NJB project to the  
36 government accountability and oversight committee, and

37 WHEREAS, in its report, the capital projects oversight program noted cost  
38 overruns on the initial NJB project that highlighted the need for careful contract  
39 management of the general contractor/construction manager ("GC/CM") alternative  
40 delivery method, and

41 WHEREAS, the capital projects oversight program report also noted that the  
42 facilities management division ("FMD") and the building developer for the restructured  
43 NJB project expressed difficulty obtaining retail tenants that FMD and the developer  
44 attributed in part to county requirements, and

45 WHEREAS, the capital projects oversight program report stated that the  
46 experience of FMD in managing 63-20 public-private partnership projects contributed to  
47 the on-time delivery of the restructured NJB project and is expertise that would benefit  
48 project managers throughout the county who are less familiar with 63-20 projects;

49 NOW, THEREFORE, BE IT MOVED by the Council of King County:

50 A. The executive is requested to implement the recommendations of the final  
51 oversight report on the Ninth and Jefferson Building project. Specifically:

52 1. The executive is requested to review county policies, procedures and standard  
53 contract language that pertain to management of capital projects with alternative delivery  
54 methods, including GC/CM projects, and to develop contract management policies and  
55 procedures that guard against cost risks like those experienced during the initial NJB  
56 project.

57 a. Procedures for alternative delivery methods should address selection of the  
58 delivery method, procurement processes, identification of critical performance  
59 requirements and financial analysis.

60 b. In drafting the policies and procedures, the executive should incorporate  
61 ways to improve communication with the council throughout the life of a GC/CM  
62 project, based on lessons learned from the initial NJB project and with input from council  
63 staff.

64 c. The executive is requested to meet and consult with council staff at least  
65 monthly throughout the policies and procedures development process to ensure council  
66 concerns are adequately addressed, and to invite comment from council staff on the draft  
67 policies and procedures. The executive is also requested to consult with the prosecuting  
68 attorney's office to review how any changes in policies and procedures may impact  
69 standard county contract language for capital projects with alternative delivery methods;

70 d. The executive is requested to provide a progress report to the council, by  
71 September 1, 2011, on the development of policies and procedures regarding alternative  
72 delivery methods for capital projects at the departmental and countywide level, and to  
73 include the executive's planned steps and timelines to finalize the policies and  
74 procedures; and

75 e. The executive is requested to report to the council, by April 30, 2012, on  
76 finalized policies and procedures for capital projects with alternative delivery methods.

77 2. The executive is requested to report to the council, by September 1, 2011, on  
78 the functioning of the county's retail lease approval process and timeframes compared to  
79 the private sector, identify best practice improvements that could benefit the county, and  
80 to propose ways to streamline the county's lease approval process. The executive's report  
81 should review all steps in the process, both in the executive and legislative branches, that  
82 impact the timing of and ability of the county to finalize a retail lease agreement.

83 3. The executive is develop and report on to the council, by April 30, 2012,  
84 strategies to facilitate county project managers in managing public-private partnership  
85 projects. The report should analyze the costs and benefits of having the facilities  
86 management division conduct in-service training or develop written protocols such as

87 training materials to train project managers countywide on effective practices for  
88 managing public-private partnership projects.

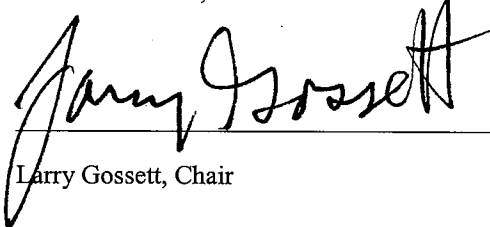
89           B. The reports requested under this motion shall be filed in the form of a paper  
90 original and an electronic copy with the clerk of the council, who shall retain the original

91 and provide an electronic copy to all councilmembers and the lead staff for the budget  
92 and fiscal management committee or its successor.  
93

Motion 13498 was introduced on 5/2/2011 and passed as amended by the Metropolitan King County Council on 6/20/2011, by the following vote:

Yes: 9 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Hague,  
Ms. Patterson, Ms. Lambert, Mr. Ferguson, Mr. Dunn and Mr.  
McDermott  
No: 0  
Excused: 0

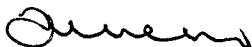
KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



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Larry Gossett, Chair

ATTEST:



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Anne Noris, Clerk of the Council

**Attachments:** None