## STAFF REPORT

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| **Agenda Item:** | 7 | **Name:** | Wendy Soo Hoo  |
| **Proposed No**.: | 2015-0480 | **Date:** | January 13, 2016 |

**SUBJECT**

**Proposed Motion 2015-0480** would approve a plan for the Chinook Building consolidation in response to a proviso in the 2015/2016 Biennial Budget Ordinance (Ordinance 17941). Approval of the motion would authorize release of the $548,942 currently held in reserve for the Facilities Management Division (FMD) to implement the consolidation project.

**SUMMARY**

The Executive’s proposed 2015/2016 biennial budget included a capital project (CIP 1124203) to consolidate and move various staff within the Chinook building. At the time, the full scope of the consolidations and agencies affected was uncertain and the Council chose to restrict the full amount of the project ($548,942) until a plan was transmitted and approved by motion.

The Executive’s plan was transmitted in November 2015. The plan indicates that when the consolidation was proposed in fall 2014, it was anticipated that the City of Seattle would lease the space vacated on the ninth floor of Chinook. However, the City of Seattle no longer intends to lease space in Chinook. The plan indicates that the Executive now intends to move KCIT into the ninth floor from other locations in Chinook, King Street Center and the Administration Building. The plan also states the Executive’s interest in backfilling KCIT’s current King Street Center space by leasing it to Sound Transit.

The plan meets the requirements of the proviso. Note that approval of the motion would release the restricted funds, allowing the Executive to proceed with the space consolidations. In addition, the Executive has the authority to enter into leases up to five years without Council approval under King County Code (Section 4.56.190.C) – therefore, approval of this motion would allow the Executive to implement the consolidations and potentially enter into a lease with Sound Transit.

**BACKGROUND**

The Executive’s proposed 2015/2016 biennial budget included a capital project (CIP 1124203) to consolidate and move various Public Health staff within the Chinook building, and to lease the then-vacated ninth floor to a non-county agency. At the time, the full scope of the consolidations and agencies affected was uncertain and the Council chose to restrict the full amount of the project ($548,942) until a plan was transmitted and approved by motion.

The proposed consolidations in Chinook are in addition to ongoing efforts to consolidate and reconfigure space in other county facilities in the downtown core, including the King Street Center.

**ANALYSIS**

Proposed Motion 2015-0480 would approve a finalized plan related to Chinook building consolidation consistent with a proviso in the 2015/2016 biennial budget restricting the expenditure of any funds for CIP 1124203. The plan required by the proviso was to include:

1. The number of public health staff moving from the ninth floor;
2. The finalized Chinook building locations to be occupied by staff moving from the ninth floor;
3. Any associated moves within the Chinook building related to clearing the ninth floor and moving public health staff;
4. Any associated moves, if any, by other county agencies from other county buildings;
5. The cost impacts for all parties being relocated, including any anticipated tenant improvements;
6. The final occupant selected to occupy the ninth floor; and
7. The timelines associated with all relocations.

The consolidations and relocations that would be supported by Project 1124203 is the first of two phases of consolidations. A second phase is alsoanticipated to address further business needs of KCIT, as well as the Department of Public Defense Director’s Office and the Business Resource Center.

**A. The Number of Public Health Staff Moving from the Ninth Floor**

The plan states that 107 Public Health staff would move off of the ninth floor of Chinook.

**B. The Finalized Chinook Building Locations to be Occupied by Staff Moving from the Ninth Floor**

The table below shows the locations of the Public Health staff moving from the ninth floor to various other floors in Chinook.

|  |  |
| --- | --- |
| **Public Health 9th Floor Unit** | **Post Move Location** |
| Communicable Disease and Epidemiology | **Chinook 12th Floor** |
| Connect 2 Care (C2C) | **Chinook 10th Floor** |
| Prevention Administration | **Chinook 12th Floor** |
| CHS Healthcare for the Homeless | **Chinook 10th Floor** |
| Business Standards and Accountability | **Chinook 13th Floor** |
| Chronic Disease and Injury Prevention | **Chinook 11th Floor** |
| Health and Human Services Transformation | **Chinook 5th DCHS Floor** |
| Jail Health Services | **Chinook 13th Floor** |

In addition to the relocations shown above, the Executive indicates that six Environmental Health Division staff would be moved to the Eastgate Health Clinic.

**C. Any Associated Moves within the Chinook Building Related to Clearing the Ninth Floor and Moving Public Health Staff**

Several other Public Health units would be relocated within the Chinook Building as part of the consolidation as shown in the table below.

|  |  |  |
| --- | --- | --- |
| **Public Health** | **Current Location** | **Post Move Location** |
| Payroll, Controller, AP/AR | Chinook 12th Floor | **Chinook 13th Floor** |
| Information Technology (HIT) | Chinook 13th Floor | **Chinook DCHS 5th Floor** |
| Prevention | Chinook 11th Floor | **Chinook 12th Floor** |

**D. Any Associated Moves, if Any, by Other County Agencies from Other County Buildings**

|  |  |  |
| --- | --- | --- |
| **KCIT Units** | **Current Location** | **Post Move Location** |
| Business Solution Services, Server Storage, and Data Base | Chinook 12th Floor | **Chinook 9th Floor** |
| Business Solution Services, Server Storage, Data Base, and Customer Support Services | KSC 2nd Floor | **Chinook 9th Floor** |
| Business Solution Services, PMO/BA Services, Server Storage, and Data Base | Admin 3rd Floor | **Chinook 9th Floor** |
| Business Solution Services, Customer Support Services | Chinook 4th Floor | **Chinook 9th Floor** |

According to Executive staff, the vacated Chinook floors would be occupied by relocated Public Health staff and staff implementing the Best Starts for Kids levy. The Administration Building space would be backfilled by staff supporting a new Business Resource Center project.

**E. The Cost Impacts for All Parties Being Relocated, Including Tenant Improvements**

According to the plan, the total costs associated with moving and tenant improvements for Public Health is $548,942. The result would be total annual savings of $412,271 for Public Health and $103,749 for DCHS.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Agency** | **Current Chinook Occupancy RSF** | **Post-Project Occupancy RSF** | **Reduced Occupancy RSF** | **Annual Savings\*** |
| **DPH** | 106,812 | 94,959 | 11,853 | $412,271 |
| **DCHS** |  40,637 | 37,324 | 3,313 | $103,749 |
|  ***Total Savings*** |  |  | ***16,480*** | ***$516,020*** |

*RSF = Rentable Square Feet*

As shown in the table above, the annual savings associated with the preliminary objectives of this project is estimated at $516,020 and the payback period would be just over one year.

In addition to the savings shown for Public Health and DCHS, the consolidation of KCIT functions is anticipated to result in annual savings of $159,750. The cost of the first phase of KCIT consolidations was funded in an omnibus ordinance in 2015 (Ordinance 18110) at $232,000.

**F. The Final Occupant Selected to Occupy the Ninth Floor**

The plan states that the final occupant selected to occupy the ninth floor is KCIT and that FMD is currently negotiating a lease with Sound Transit for the King Street Center second floor as a backfill for the space vacated by KCIT and other KSC tenant efficiency moves.

**G. The Timelines Associated With All Relocations**

According to the plan: “The timeline for Phase I is driven by the space requirements of Sound Transit as potential lessee... This project needs to be complete in the first quarter of 2016... Current estimates are that the Phase I moves will be accomplished in four to six weeks.“

**Other Policy Considerations**

Approval of the motion would release the restricted funds, allowing the Executive to proceed with the Public Health and DCHS space consolidations. In addition, the Executive has the authority to enter into a lease of county space for up to five years without Council approval under King County Code (Section 4.56.190.C). As a result, the Executive could then enter into a five-year lease with Sound Transit without Council approval.

For several years, Council staff has had ongoing discussions with Executive staff regarding the potential relocation of Community Corrections Division (CCD), currently located in the Yesler Building. It has been anticipated that CCD would relocate to allow for consolidation of the Department of Public Defense (DPD) in the Yesler Buildling. King Street Center was among the potential options that FMD considered for CCD. Based on recent discussions with Executive staff, it appears the Executive is considering new facility options for CCD and DPD that would not involve King Street Center.

**ATTACHMENTS**

1. Proposed Motion 2015-0480 with attachments
2. Transmittal Letter

**INVITED**

1. Tony Wright, Director, Facilities Management Division
2. Elissa Benson, Deputy Director, Facilities Management Division
3. Dave Preugschat, Assistant Manager, Facilities Management Division
4. Sid Bender, Budget Manager, Office of Performance, Strategy and Budget