## STAFF REPORT

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| **Agenda Item:** | 6 | **Name:** | Greg Doss |
| **Proposed No.:** | 2016-0158 | **Date:** | April 26, 2016 |

**SUBJECT**

A motion approving a Scoping Report that identifies a process to determine the County's future operational and space needs in the downtown Seattle campus. The report responds to a proviso made in the first 2015 Omnibus Budget.[[1]](#footnote-1)

**SUMMARY**

The Facilities Management Division (FMD) submitted to the Council on March 1, 2016 a Downtown Civic Campus Scoping Report that summarizes the processes necessary for King County to create its first downtown Seattle Civic Campus Strategic Facility Plan. FMD also submitted an update to the Real Property Asset Management Plan (RAMP), which was required by KCC 20.12.100 and this proviso. The RAMP report provides for the County-owned buildings in the downtown core baseline space planning data that is necessary for the development of a downtown civic campus plan.

The Scoping Report outlines a $3.5 million blueprint for the identification of each Department’s long-term operational and space needs as well as the analytical and planning framework necessary to determine specific recommendations around buildings, phasing plans, campus-wide development guidelines and infrastructure improvements. The Report indicates that a full implementation of a Strategic Facilities Plan would require 2.7 years to complete, although both Executive staff and staff from the King County Auditor have indicated that the planning process may be scalable and completed more quickly and at less cost.

Approval of this motion would release the funds restricted by this proviso.

**BACKGROUND**

The Executive's Proposed 2015/2016 Biennial Budget included $1,226,750 for CIP project 1124472 – Courthouse System Revitalization. The project was intended to address the aging Courthouse infrastructure systems by beginning the process of identifying funding and phasing alternatives, as well as preparing as-built structural documentation. According to the Executive, this is a critical first step in preparation for developing a proposal for a comprehensive project which includes mechanical, electrical, plumbing and window-related work. The County Auditor has indicated that a rough order of magnitude cost estimate for project completion is within a range of $75 million to $300 million.

**2015-16 Biennial Budget Council Proviso on the Capital Project:** The Council included the following proviso on this project in the adopted budget, calling for a report on the Courthouse building systems prior to deciding how to approach and fund the project:

*Of the appropriation for capital project 1124472, courthouse system revitalization, $500,000 shall not be expended or encumbered until the executive transmits a report on the King County Courthouse building systems and a motion that approves the report and the motion is passed by the council.  The report shall include, but not be limited to:*

*A.  A building alternative analysis;*

*B.  A list of possible projects, reported by system or task;*

*C.  The estimated costs for each possible project, reported by system or task;*

*D.  A risk assessment and any risk mitigation plans for possible projects;*

*E.  A prioritization for possible projects;*

*F.  The estimated timelines for possible projects;*

*G.  The status of locating as-built structural documentation;*

*H.  A discussion of the historical significance of the building and how the historical designation could affect the project; and*

*I.  Any work done to investigate or access state, federal or other funding sources in support of the project.*

**King County Auditor’s Management Letter**: The King County Council adopted Ordinance 16764 on March 1, 2010 which charged the Joint Advisory Group (JAG), in consultation with the King County Auditor’s capital projects oversight program, with determining which capital projects should be considered ‘high-risk’. The Courthouse Revitalization Project received the highest capital project risk score in 2015 (twice the average of the other 18 projects considered), and Council requested that the project be added to the Auditor's work program.

Pursuant to the Auditor’s review of the project, the Auditor published a Management Letter on August 25, 1015 evaluating actions taken on the project and providing recommendations about broader space planning issues for King County facilities. The letter also recommended the suspension of the Facility Management Division's procurement process on the Courthouse Project. The report from the Auditor's Office summarizes the issues as follows:

* The County faces a critical decision about whether to spend over $100 million either to replace old and failing systems or to pursue an alternative that might better meet its needs. The Courthouse Revitalization Project could commit the county to one option without first thoroughly analyzing possible alternatives.
* FMD's planned alternatives analysis (required by the County Council's proviso) would not take into account the future operational needs of the county or the needs of the downtown campus as a whole, both of which the auditor deems necessary for a thorough alternatives analysis.
* The County needs a plan to manage risks while it is selecting and implementing an alternative, since courthouse systems failures could impact the ability of the county to conduct business.

**Omnibus Budget Proviso**: On September 14, 2015 the County Council approved the following amendment in the 2015 Omnibus Budget placing a second proviso on the FMD's operating budget. The newer proviso restricts expenditure of $720,000 of FMD's operating budget, pending Council approval of the Executive's transmittal of a Scoping Report by March 1, 2016 on the County's future operational and space needs in the downtown Seattle campus as a whole. The Executive was also directed to update the Real Property Asset Management Plan (RAMP) by March 1, 2016, as mandated by the King County Code[[2]](#footnote-2).

*Of this appropriation, $720,000 shall not be expended or encumbered until the executive transmits a scoping report on the county's future operational and space needs in the downtown Seattle campus as a whole and updates the Real Property Asset Management Plan as mandated by K.C.C. 20.12.100 and a motion that approves the report and the motion is passed by the council.  The scoping report shall include, but not be limited to:*

*A.  A plan for identification of the tenants' future operational and*

*space needs within King County's downtown Seattle civic campus through 2025, including, but not limited to, total useable square feet, a list of current King County operations, staffing and space utilized at each location, current unoccupied, useable square feet at each location, and potential funding alternatives, including public/private partnerships.  The civic campus shall include, but is not limited to, the following properties and the tenants thereof:*

*1. The King County Courthouse;*

*2.  The Chinook building;*

*3.  The King County Administration building;*

*4.  Vacant land adjacent to the Goat Hill parking garage;*

*5.  The Yesler building; and*

*6.  420 Fourth Avenue;*

**Executive’s Proposed Sequencing of First and Second Courthouse-Related Provisos.** Executive staff testified at a hearing of the Government Accountability and Oversight Committee on September 14, 2015 that they intended to use funds from the Courthouse revitalization capital project[[3]](#footnote-3) to produce the requested Scoping Report and RAMP update. They also committed to postpone action on the request for proposal (RFP) associated with the Courthouse project. Finally, they indicated that it would not be possible to complete the Biennial Budget proviso response by April 1, 2016 (the original due date) if efforts are focused on the new Omnibus Budget proviso due on March 1, 2016.

In response to this information, the Council extended the deadline for the Biennial Budget proviso from April 1, 2016 to September 2, 2016.[[4]](#footnote-4) The rationale for moving the proviso was to give the Executive time to complete the Scoping Report required by the Omnibus Budget proviso before completing the Courthouse buildings alternatives analysis required in the Biennial Budget proviso.

**Analysis**:

**Proposed Approach.** The Executive’s Scoping Report outlines an approach to developing a Strategic Facility Plan (SFP), as a first step in developing a downtown Seattle Civic Campus Master Plan for the County. The SFP would set forth the County goals, guiding principles, cost analysis, and future projections of operational and facility needs, and a Civic Campus Master Plan would be a sub-element of the SFP

Prior to developing the Scoping Report, FMD researched various agencies and sources on the processes, information and analysis typically considered in these types of studies. After reviewing this information, FMD determined that a common framework exists among the various types of facility planning documents.[[5]](#footnote-5) The Executive indicated that the plans generally contain:

1) a long range vision of the organization,

2) an analysis of the existing facilities,

3) a future facility needs analysis, and

4) recommendations for future development concepts.

**Budget and Schedule for Strategic Facility Plan:** The Executive’s estimated $3.5 million cost to create the SFP, including a Civic Campus Master Plan, is primarily driven by consultant fees and staffing for FMD’s efforts. Each phase requires an extensive effort which is broken down into tasks and associated costs as summarized in the table below. Estimated costs include a 20% project contingency[[6]](#footnote-6).

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| Phase | Task Summary | Estimated Costs | Duration (months) |
| 1. Understanding |  |  |  |
| Project Initiation\* | Identify and assemble project team  Consultant Selection  Develop vision, guiding principles, concepts, and goals  Engage stakeholders and community  Create Project Charter and Project Management Plan | **$286,000**  (FMD $146k, Consultant $140k) | 10 |
| Existing Conditions Analysis\* | Analysis of campus context  Inventory and assess facilities  Create report of existing conditions | **$522,000**  (FMD $268k, Consultant $254k) | 6 |
| Facility Needs Analysis\* | Identify operational and space needs by agency Identify campus-wide operational and space needs  Create Facilities Needs Analysis report | **$403,000**  (FMD $207k, Consultant $196k) | 7 |
| 2. Analysis |  |  |  |
|  | Identify gaps in existing conditions and county needs  Create Gap Analysis report | **$150,000**  (FMD, Consultant $75k) | 6 |
| 3. Planning |  |  |  |
| Alternatives Analysis | Develop solutions and concepts to address county needs  Create Alternative Plans report  Select preferred alternative | **$1,285,000**  (FMD $660k, Consultant $624k) | 8 |
| 4. Action Plan |  |  |  |
| Recommendation | Develop preferred alternative  Create recommendation report | **$185,000**  (FMD $95k, Consultant $90k) | 4 |
| Strategic Facility Plan | Create final Strategic Facility Plan | **$79,000**  (FMD $40k, Consultant $39k) | 3 |
| Consultant Cost subtotal | | $1,418,000 | - |
| FMD Cost subtotal | | $1,491,000 |
| 20% Project Contingency | | $581,000 |
| Totals | | $3,490,000 | 2.7 years\* |

According to Executive staff, robust and inclusive strategic facility planning is a recommended practice that requires considerable resources. Executive staff have also noted that the $50 million projected General Fund Biennial Budget deficit, along with the backlog of major maintenance and agency requested capital improvements, makes the prioritization of long term planning over immediate needs a challenging decision. The Executive has not formally committed to undertaking the Strategic Facilities Planning exercise envisioned in the Scoping Report.

**Real Property Asset Management Plan Update**: The Executive also submitted to the Council an update to the Real Property Asset Management Plan (RAMP), as required by the Omnibus proviso and KCC 20.12.100. The RAMP provides policy guidance to FMD for the management of the King County real property assets for which it is responsible. It is a sub-element of the Public Facilities section of the King County Comprehensive Plan. The Executive has indicated that the 2016 RAMP prioritizes updating baseline space planning data that would be needed for the development of a downtown civic campus plan, as well as the status of projects highlighted in the 2013 RAMP and new developments in terms of near term space needs that have emerged since the last update.

The updated RAMP focuses on the same buildings and geographic area that would be covered by a downtown Strategic Facilities Plan, but addresses only the operational and space needs that must be met within the next two to four years. It highlights much of the data that would be collected as part of a Strategic Facilities Plan, but stops short of conducting the thorough, longer term, vision and needs analyses that are noted in the Scoping Report. (Note: The RAMP will be heard in the Budget and Fiscal Management Committee.)

**Ongoing Courthouse Building Analysis**. In September 2016, FMD plans to submit the Executive’s response to the original Biennial Budget Courthouse Systems Revitalization Project proviso. This proviso requires an evaluation of the building’s condition and projected replacement costs for the infrastructure systems. The Executive has indicated that this work is underway and will focus on analysis rather than the original proposed project scope, which would have developed design drawings.

**Actual and Anticipated Proviso Expenses**: The Executive has indicated that the costs for producing the Scoping Report and RAMP (Omnibus Budget Proviso) and the costs for producing the Courthouse building analysis (Biennial Budget Proviso), will ultimately be borne by the funding that was otherwise reserved for the Courthouse Systems Revitalization Project. Finally, the Exec has said that after fulfillment of both provisos, the Courthouse Revitalization Project would have a remaining available balance of $400,000 (see table below). Inherent in these statements is the assumption that the Council will release the provisoed funding. If this does not happen, then the funds must come from other areas in the FMD budget.

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| Actual and Anticipated Proviso Expenses | |
| Courthouse Revitalization CIP Project Funds under proviso in Biennial Budget | $1,226,750 |
| Scoping Report and RAMP Costs (Omnibus Budget Proviso)[[7]](#footnote-7) | ($125,251) |
| Courthouse Building Analysis Estimate (Biennial Budget Proviso)[[8]](#footnote-8) | ($700,000) |
| Remainder Available | **$401,499** |

**Council Action.** Approval of this motion would release the funds restricted by this proviso. The Council may also wish to provide further direction on the Courthouse Revitalization Project and/or on a Strategic Facilities Plan.

**ATTACHMENTS:**

1. Motion 2016-0158
2. King County Auditor's Office Management Letter, dated August 25, 2015
3. Facilities Management Division Downtown Civil Campus Scoping Report Proviso Response, March 2016

**INVITED:**

1. Elissa Benson, Deputy Director, Facilities Management Division

1. Ordinance 17941 [↑](#footnote-ref-1)
2. 20.12.100 requires the Executive to update the current and future space needs and implementation plans of the real property asset management plan and submit them to the Council as amendments to the real property asset management plan by March 1 of every fourth year, beginning on March 1, 2016, as a part of Technical Appendix A and as a component to the Comprehensive Plan. [↑](#footnote-ref-2)
3. The Executive's Proposed 2015/2016 Biennial Budget included $1,226,750 for CIP project 1124472 – Courthouse System Revitalization, [↑](#footnote-ref-3)
4. Ordinance No. 18239 [↑](#footnote-ref-4)
5. The Executive has indicated that this general structure is described in The International Facility Management Association (IFMA) document “Strategic Facility Planning: A White Paper.” As defined in this document, a typical Strategic Facility Plan (SFP) identifies the type, quantity, and location of spaces required to support the organization’s initiatives based upon the organization’s vision. [↑](#footnote-ref-5)
6. Meets the County’s standard contingency calculation for 20% under the following criteria: Project team has some experience in estimating and completing this type of project, Technology to be implemented is moderately complex, involves multiple systems and some changes to user procedures, Involves multiple agencies, Part of the risk is mitigated through a fixed bid, but the project schedule and budget assume county staff will be available to support the project [↑](#footnote-ref-6)
7. Identified in the Executive transmittal letters for the RAMP and Scoping Report documents. [↑](#footnote-ref-7)
8. Identified by the Executive in e-mail 4/31/2016 [↑](#footnote-ref-8)