## STAFF REPORT

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| **Agenda Item:** | 6 | **Name:** | Greg Doss |
| **Proposed No.:** | 2016-0158 | **Date:** | July 12, 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.

**SUMMARY**

The Facilities Management Division (FMD), Downtown Civic Campus Scoping Report summarizes the processes necessary for King County to create its first downtown Seattle Civic Campus Strategic Facility Plan. The report responds to a $720,000 proviso on the Facilities Management Division’s operating budget as adopted in the 2015/2016 Biennial Budget Ordinance (Ordinance 17941, Section 121, as amended by Ordinance 18110, Section 55, Proviso P1). The report outlines a blueprint for the identification of each Department’s future 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.

FMD’s scoping report indicates that a full implementation of a facilities planning process would require 2.7 years to complete and approximately $3.5 million dollars to fund. Executive staff have indicated that the planning process might be scalable and could be completed at less cost and potentially quicker than 2.7 years. Although at this point, the Executive has indicated that there are no eminent plans to begin a Strategic Facilities planning process. The Council must now decide whether or not to release the provisoed funds, and whether it will provide any further direction on the Courthouse revitalization project or a Strategic Facilities Plan.

**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.

**Courthouse Revitalization Capital Project Budget Proviso:** The Council included the following proviso on this project in the Adopted 2015/2016 Biennial 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 to date and providing recommendations about broader space planning issues for King County facilities. The letter also recommended the suspension of the Facility Management Division's current procurement process. 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.

**Scoping Report Proviso**: On September 14, 2015 the County Council approved an amendment to the 2015 Omnibus Budget, placing a new proviso on the Facilities and Management Division'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 is also directed to update the Real Property Asset Management Plan (RAMP) by March 1, 2016, as mandated by the King County Code.

*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 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 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 Revitalization Project, while the Scoping Report was under production.

Finally, Executive staff indicated that it would be inappropriate for PSB or FMD to undertake work on the Capital Budget Proviso until after the Scoping Report was submitted to the Council. Executive staff added that it would not be possible to complete the Capital Project Budget Proviso response by April 1 (the due date in the Adopted CIP Budget) if efforts are focused on the Scoping Report.

In response to this request, the Council included in the Mid-Biennial Budget Ordinance (2016-0011) a revision to the deadline for the Capital Budget Proviso: April 1, 2016 to September 2, 2016. The rationale for moving the proviso was to give the Executive time to complete a Scoping Report (addressed below) before completing the Buildings Alternatives Analysis required in the proviso response.

**Government Accountability and Oversight Committee Hearing on April 26, 2016:**

In the first hearing on the Scoping Report proviso, GAO members expressed some concern that the Executive had begun work with a contractor to obtain information necessary to respond to the Capital Budget proviso, and that some of that work may be unnecessary if the County chose to sell the Courthouse. In an effort to keep all options available, members asked that future spending be restricted to only those expenditures that were necessary to maintain the building or decide whether or not to fix or sell the building. Members tasked staff to work with the Executive to identify a path forward that would allow the Executive to respond to the Courthouse Capital Budget proviso, but restrict spending so that funding was not used in a way that assumed that the County would retain the building.

**ANALYSIS**

The Executive’s response to the Scoping Report proviso was transmitted on March 1, 2016. The response outlines an approach to developing a Strategic Facility Plan (SFP), 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.

Prior to developing the plan for the scoping report, FMD researched various agencies and sources on what processes, information and analysis is typically considered in these types of studies. After reviewing this information, FMD was able to determine that a common framework exists among the various types of facility planning documents. 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.

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, the 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.

**Budget and Schedule for Strategic Facility Plan:** The Executive’s estimated costs to create the Strategic Facilities Plan are primarily driven by consultant fees and staffing for FMD’s efforts. The total estimated cost to create a Strategic Facilities Plan is approximately $3.5 million. Each phase requires an extensive effort which is broken down into tasks and associated costs as summarized in Table 2 of the report on page 9. Estimated costs include a 20% project contingency.

**RAMP Update**: As required by the $720,000 proviso on the Facilities Management Division’s operating budget as adopted in the 2015/2016 Biennial Budget Ordinance (Ordinance 17941, Section 121, as amended by Ordinance 18110, Section 55, Proviso P1), the Executive submitted to the Council on March 1, 2016 an update to the Real Property Asset Management Plan. The RAMP is a policy guidance document for the management of King County real property assets for which the FMD 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, 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 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.

**Next Steps:** The Executive has indicated that robust and inclusive strategic facility planning is a recommended practice and that it requires considerable resources. The Executive has 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. It is perhaps for these reasons that the Executive has not formally committed to undertaking the Strategic Facilities Planning exercise envisioned in the Scoping Report.

In September 2016 FMD plans to complete a response to the Courthouse Mechanical Systems Revitalization Capital Budget 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 the completion of the RAMP update and development of the Scoping Report cost $125,000[[1]](#footnote-1). It has also indicated that costs for these documents, and the Courthouse Capital Budget building analysis (Biennial Budget Proviso), will ultimately be borne by the funding that was otherwise reserved for the Courthouse Systems Revitalization Project. Inherent in these statements is the assumption that the Council will release the provisoed funding. If this does not happen, then the funds will come from other areas in the FMD budget.

The Council must now decide whether or not to release the provisoed funds, and whether it will provide any further direction on the Courthouse revitalization project 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. Tony Wright, Director, Facilities Management Division
2. Elissa Benson, Deputy Director, Facilities Management Division
1. Identified in the Executive transmittal letters for the RAMP and Scoping Report documents. [↑](#footnote-ref-1)