## REVISED STAFF REPORT

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| **Agenda Item:** |  | **Name:** | Wendy K. Soo Hoo |
| **Proposed No**.: | 2018-0363 | **Date:** | September 12, 2018 |

**COMMITTEE ACTION**

The Budget and Fiscal Management Committee passed Proposed Ordinance 2018-0363, adopting the annual Harborview Medical Center capital improvement program, with a do-pass recommendation on September 12th. The legislation was amended to correct an error in a previous ordinance (Ordinance 18521).

**SUBJECT**

Proposed Ordinance 2018-0363 would adopt the annual Capital Improvement Program (CIP) for Harborview Medical Center.

**SUMMARY**

Under the management agreement between King County, Harborview Medical Center (HMC) and the University of Washington, which was extended in 2016, King County approves the CIP for the medical center annually. The proposed ordinance would appropriate $12.4 million to the Harborview Repair and Replacement Fund.

An amendment has been drafted to correct a technical error that was made in Ordinance 18521, which the Council adopted in May 2017 approving an emergency appropriation for work at the Ninth and Jefferson Building.[[1]](#footnote-1)

**BACKGROUND**

Harborview Medical Center is a 413-bed hospital and trauma center that serves Washington, Alaska, Montana and Idaho. It is the only Level 1 trauma center serving these states. The hospital is owned by King County, overseen by an independent Board of Trustees, and operated by the University of Washington.

The University of Washington first took over operation of HMC in the late 1960s. In 2016, the County authorized an extension of the management agreement between the parties that could extend until 2045 if both parties execute the allowable extensions.[[2]](#footnote-2) Under this agreement the CIP budget is approved by the County each year and the County will manage only those projects that affect the physical infrastructure and exceed $5 million in total costs. No projects meet those criteria in this year’s budget request.

**ANALYSIS**

Proposed Ordinance 2018-0363 would approve a net appropriation of $12.4 million for the Harborview Repair and Replacement Fund, as shown in Table 1 below. The projects are sorted by the amount of the request and a brief description is provided for each project.

**Table 1**

**Appropriations and Disappropriations Requested for Harborview Capital Program**

|  |  |  |
| --- | --- | --- |
| **Project Name** | **Appropriation Amount** | **Project Narrative** **Provided by Executive Staff** |
| DES FMD HMC NS Biplane Operating Room | $4,250,000 | Prior year budget resulted in design documents necessary to propose the construction phase budget for BiPlane Operating Room equipment |
| DES FMD HMC FY19 Small Projects | $3,050,000 | This is an ongoing master project to address small renovations such as projects to increase efficiency, patient care space, minor renovations, diagnostic and fixed equipment installation |
| DES FMD HMC SUP & Exhaust Fan 31 | $1,500,000 | Project to replace exhaust fan #31 that is at the end of infrastructure useful life |
| DES FMD HMC Quick Response | $1,000,000 | Based upon recent Washington Department of Health, Joint Commission and other authorities, HMC is anticipating an increased need for quick response project budget based on recent surveys. |
| DES FMD HMC Operating Room Support Space | $800,000 | Additional budget requested for scope development identified in design phase |
| DES FMD HMC BSMT OR Suites | $650,000 | This project addresses life safety concerns raised by the Joint Commission requiring modifications in the operating room suites |
| DES FMD HMC Steam & Water Infrastructure | $555,000 | Ongoing project to replace steam lines that are at the end of infrastructure life cycle |
| DES FMD HMC Management Reserve | $550,000 | This project allows HMC to mitigate project risks associated with market conditions or unanticipated costs |
| DES FMD HMC COMM Infrastructure (DAS) | $500,000 | This supports improvements to the HMC communications system infrastructure |
| DES FMD HMC HVAC Infrastructure | $500,000 | Ongoing project to replace HVAC systems that are at the end of infrastructure life cycle |
| DES FMD HMC DES FMD HMC STDY Entry & Re | $500,000 | Increased project cost based on project design developed for bid process |
| DES FMD HMC Pharmacy Storage | $450,000 | Pharmacy storage implementation cost estimate based on prior $50K budget to develop alternatives and design |
| DES FMD HMC Chillers 4 & 5 Replacement | $400,000 | Project to replace chillers #4 & #5 that are at the end of infrastructure useful life |
| DES FMD Roof B23 | $350,000 | Project to replace roof section at the end of infrastructure useful life |
| DES FMD HMC Support Service Expansion | $350,000 | This is design budget to address needs in support service departments necessary to support patient operations such as pharmacy, equipment logistics, central sterile and radiology. HMC has increased space for patient care and requisite support space is needed. |
| DES FMD HMC Waterproofing | $300,000 | Ongoing project to waterproof structures as needed |
| DES FMD HMC Building Tune Ups | $200,000 | This is to comply with the building tune-up requirements approved by the City of Seattle |
| DES FMD HMC UPS Upgrades | $100,000 | Ongoing project to replace UPS batteries that are at the end of useful life |
| **Project Name** | **Dis-Appropriation Amount** | **Project Narrative** **Provided by Executive Staff** |
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| DES FMD HMC 6EH Patient Rooms | ($835,000) | Project scope changed to reduce cost |
| DES FMD HMC Office Upgrade | ($800,000) | Project can be cancelled according to HMC project reprioritization |
| DES FMD HMC STDY Burn & Ped | ($582,990) | Project scope changed to reduce cost |
| DES FMD HMC Single Patient Bed | ($434,035) | Project scope was changed to reduce cost |
| DES FMD HMC 5EH Patient Rooms | ($320,000) | This portion of project budget to be cancelled due to more cost effective project alternative |
| DES FMD HMC STDY Recovery Beds | ($198,593) | Project completed |
| DES FMD HMC In-Patient Floor Stands | ($175,800) | Project scope changed to reduce cost |
| DES FMD HMC Pyxis Installation | ($120,000) | Project to be cancelled due to alternative identified |
| DES FMD HMC Out-Patient CCC | ($89,286) | Project completed |
| DES FMD HMC Clinic Lobby | ($16,334) | Project completed |
| **GRAND TOTAL PROPOSED** | **$12,432,962** |  |

All new projects submitted to the King County Council for approval have been approved by the HMC Board of Trustees. All projects are funded by HMC operations, so no county funds are associated with the request.

Additionally, in reviewing project requests from HMC, Council staff analyze the requests for projects that are likely to fall under “county management” for exceeding $5 million, as laid out in the management agreement. None of the requests exceed the threshold and none appear to be unreasonable or unanticipated.

**AMENDMENT**

An amendment has been drafted to correct a technical error that was made in Ordinance 18521, which the Council adopted in May 2017 approving an emergency appropriation for work at the Ninth and Jefferson Building.[[3]](#footnote-3)

1. The appropriation was to resolve electrical infrastructure damage caused by flooding. [↑](#footnote-ref-1)
2. Ordinance 18232, enacted February 12, 2016 [↑](#footnote-ref-2)
3. The appropriation was to resolve electrical infrastructure damage caused by flooding. [↑](#footnote-ref-3)