



Legislation Text

File #: 2011-0206, **Version:** 3

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. The executive is requested to review county policies, procedures and standard contract language that pertain to management of capital projects with alternative delivery methods, including GC/CM projects, and to

develop contract management policies and procedures that guard against cost risks like those experienced during the initial NJB project.

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

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

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

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

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

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

3. The executive is develop and report on to the council, by April 30, 2012, strategies to facilitate

county project managers in managing public-private partnership projects. The report should analyze the costs and benefits of having the facilities management division conduct in-service training or develop written protocols such as training materials to train project managers countywide on effective practices for managing public-private partnership projects.

B. The reports requested under this motion shall be filed in the form of a paper original and an electronic copy with the clerk of the council, who shall retain the original and provide an electronic copy to all councilmembers and the lead staff for the budget and fiscal management committee or its successor.