



Legislation Text

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Clerk 03/15/2023

AN ORDINANCE establishing a workgroup to develop a program plan for the 2020 bond to support facility and infrastructure improvements at Harborview Medical Center and requiring monthly status reports.

STATEMENT OF FACTS:

1. Harborview Medical Center ("Harborview") is a comprehensive regional health care facility owned by King County and, in accordance with the hospital services agreement between the Harborview Medical Center, the University of Washington and King County, is operated by UW Medicine and is overseen by a thirteen-member board of trustees.
2. Harborview is the only Level 1 Trauma Center for adults and children serving a four-state region that includes Alaska, Idaho, Montana and Washington, and provides specialized care for a broad spectrum of patients. Harborview is maintained as a public hospital by King County to improve the health and well-being of the entire community and to provide quality healthcare to the most vulnerable.
3. Motion 15183 created a planning process for a potential bond and established the Harborview leadership group, which produced and transmitted to the council an April 1, 2020, recommendation report outlining the size, scope and total cost of a bond to make health and safety improvements to the medical center. In that report, the leadership group recommended the following bond program components: a new tower to increase bed capacity; a new behavioral health building; existing hospital space renovations; improvements to Harborview

Hall; upgrades to the Center Tower; improvements at the Pioneer Square Clinic; demolition of the East Clinic building; and other costs. Included as part of the recommendations were the estimated costs for each component, with an estimated cost for the overall recommended bond program of \$1.74 billion.

4. Based on those recommendations, Ordinance 19117 placed a \$1.74 billion twenty-year bond on the November 3, 2020, ballot to fund facility and infrastructure improvements at Harborview. The ballot measure was approved by more than seventy-five percent of King County voters.

5. As of February 2023, inflation is at the highest levels seen in decades, with the fourth quarter 2022 Econpulse report from the King County office of economic and financial analysis ("OEFA") stating that the annual inflation rate was 8.6 percent in October and December 2022.

6. In the same report, OEFA states that the degree to which the federal reserve must raise interest rates to deal with inflation is likely to impact construction, meaning that bond-funded capital projects could experience substantial adjustments to anticipated size and scope.

7. Due to inflationary pressures and the current lending environment, a substantial financial gap exists between the capital improvements that were envisioned in the recommendation report and what the \$1.74 billion of projected bond revenues will support, making it impractical to accomplish the leadership group's recommended capital improvements within the anticipated bond proceeds.

8. The March 7, 2023, Harborview master plan cost study report, which was produced by the consultants Vanir and Cumming, provided new estimates showing that costs are projected to exceed forecasted bond revenues by approximately \$889 million.

9. Ordinance 19117 provided that if future changed conditions result in costs substantially in excess of the amount of the bond revenues, that the King County council shall determine how those components deemed most necessary and in the best interest of the county be prioritized.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. A. The county, in collaboration with the Harborview Medical Center board of trustees and UW Medicine, shall convene a workgroup as described in subsection G. of this section. The workgroup shall develop a program plan that recommends those health and safety improvements at the Harborview Medical Center that can be built within the amount of the bond revenues estimated to be available and as authorized by Ordinance 19117, and referred to in this section as the "program plan." The executive shall transmit the program plan to council, and a motion approving the plan as described in subsection I. of this section.

B. Each proposed component capital improvement project within the program plan shall be described, including but not limited to a description of: the size of the component capital improvement project, such as estimated overall square footage; the planned purpose of, or service to be provided in, the component capital improvement project; the estimated cost of the component capital improvement project; and estimated timeline of the start and end of construction of the component capital improvement. The program shall also identify and describe those factors that could adversely impact the program plan's proposed square footage, cost, planned uses, and timelines. The program plan shall also include an estimated milestone completion timeline for the overall program.

C. In addition to identifying the elements of the program plan to be built within the amount of the bond revenues available, the program plan may also include a description of other legally available funds proposed to support the workgroup's program plan, if, under the workgroup's program plan, bond revenues are insufficient to accomplish all the workgroup's program plan components.

D. The program plan shall describe how the executive, in collaboration with the council, the Harborview board of trustees and UW Medicine, should implement the program so that the proposed component capital improvement projects within the program shall meet the requirements of K.C.C. 2.42.080.E. and K.C.C. Title 4A.

E. The program plan shall include a recommended process by which the executive will notify council if planned components may become impractical during the remainder of the twenty-year bond and necessitate a substantive change to any of the planned components. The recommended process shall ensure that the council has no fewer than thirty days prior to any proposed change for the council to take such actions as accepting, rejecting, or modifying the proposed change.

F. The program plan shall include as attachments to it any available reports produced by county departments or contractors that the workgroup used in developing the program plan recommendations.

G.1. The workgroup shall be facilitated by a neutral party and produce the program plan described in subsections A. through F. of this section. The workgroup shall consist of ten members, including six members selected in the same representative apportionment as the capital planning oversight committee described in the 2016 hospital services agreement, as well as the following members:

- a. a member selected by the King County executive;
- b. a member selected by the King County council;
- c. a member selected by the Harborview board of trustees, and
- d. a member selected by UW Medicine.

2. Workgroup members representing the council shall be appointed by the council chair.

3. Staff to members of the workgroup may attend meetings of the workgroup and provide support to the workgroup.

4. The workgroup shall consult with and provide meaningful opportunities for input from labor organizations that represent Harborview employees, residents of the First Hill neighborhood, members of the Harborview mission population, and any other constituent entities the workgroup determines would help inform a Harborview bond plan that best serves the public interest. The mission population of Harborview is defined by Exhibit 2 to the 2016 hospital services agreement as the non-English-speaking poor, the uninsured and underinsured, people who experience domestic violence and or sexual assault, incarcerated people in King

County's jails, people with behavioral health illnesses, particularly those treated involuntarily, people with sexually transmitted diseases and individuals who require specialized emergency care, trauma care and severe burn care.

5. The workgroup shall be guided by the analytical criteria used by the Harborview leadership group and set out in Appendix D to its April 1, 2020, recommendation report.

6. The workgroup shall conduct and include a robust analysis of the impacts of the program plan on equity and social justice from the analytical criteria.

H. The workgroup shall meet with the county council's committee of the whole to present the workgroup's program plan described in subsections A. through F. of this section no later than July 31, 2023.

I. The executive shall electronically transmit the workgroup's recommended program plan, and a motion approving the plan, no later than August 1, 2023, with the clerk of the council, who shall retain an electronic copy and provide an electronic copy to all councilmembers, the council chief of staff, and the lead staff for the committee of the whole, or its successor.

J. The workgroup established by subsection G. of this section shall disband upon the effective date of a motion approving a program plan.

SECTION 2. A. The executive shall transmit monthly status reports to the council describing any changes to the program plan required by section 1 of this ordinance and should also include, but not be limited to, information previously included in the department of executive services and facilities management division Harborview bond capital program status reports. The monthly status reports shall include the following:

1. A description of the current program scope;
2. Updates on the project schedule including the status of and planned dates for major milestones;
3. Status and progress to date for each component capital improvement project;
4. Updates on the budget including expenditures to date and remaining budget for each component capital improvement project, budget and expenditures;

5. Update on tasks completed on major milestones since the preceding report and a three-month projected outlook on upcoming tasks to accomplish milestones;

6. A description of and stakeholder engagement and public communications over the preceding month including appearances on agendas at regional meetings and mailings; and

7. A description of risks including newly identified risks and realized risks since the preceding monthly report, with a focus on risks that may have significant impacts on the program plan scope, schedule, or budget.

B. The executive shall begin electronically filing the status reports by the end of the month following the transmittal of the program plan required by section 1 of this ordinance, and by the end of each month thereafter, with the clerk of the council, who shall retain an electronic copy and provide an electronic copy to all councilmembers, the council chief of staff and the lead staff for the committee of the whole, or its successor.

C. The final status report shall be filed by the end of the first month following the completion of the final milestone described in the program plan.