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February 15, 2006

The Honorable Bob Ferguson
Chair, Capital Budget Committee
Metropolitan King County Council
Room 1200
COURTHOUSE

Dear Councilmember Ferguson:

The purpose of this letter is to make sure you have all of the information you need to decide on your preferred option for the New County Office Building (NCOB) Tenancy Plan. This letter provides further insight into the topics discussed in the Capital Budget Committee (CBC) meeting held on February 1, 2006. It appears from recent discussions in the Capital Budget Committee that we are moving toward agreement with respect to two of the major NCOB tenancy issues, Elections and the Information and Telecommunication Services (ITS) Division. However, last Thursday the Council introduced a new ordinance establishing the tenancy for the NCOB. The Executive has asked that I share with you the Facilities Management Division's (FMD's) preliminary concerns and high cost estimates of this Council proposal. We believe that the CBC needs much more information and further discussion of this ordinance and the final location of the Executive offices, including the Office of Management and Budget.

Areas of Concurrence: Elections, ITS, and the Administration Building

Executive Sims was pleased to hear in the CBC discussions, and to read in the Council staff report that the Council agrees that consolidation of Elections should not be done in the NCOB. As mentioned in my letter to you dated February 1, 2006, and as discussed in the staff report and committee meeting, the size and type of use associated with Elections operations is not compatible with a high-rise office building built for general purpose

office functions; additionally, it is clear that lower cost options are available for Elections consolidation. By concurring with the Executive recommendation, the Council will avoid at least five million dollars in additional costs to the NCOB.

We were also pleased to learn that the direction for locating the Information and Telecommunication Services (ITS) Division is to move that group (perhaps excluding the Data Center) into the New County Office Building. If Council moves forward in this direction, the following significant cost, space planning, and lease problems will be averted:

- The NCOB was sized to house ITS. Without ITS, there would be nearly two floors left vacant in the NCOB.
- We have recently received formal notice from the City of Seattle, that the City will not be able to accommodate the ITS Division in the Seattle Municipal Tower beyond the current lease, which expires in 2007. A new lease, at a different ITS location and at current market rates, would have to be negotiated for ITS, if the Division were not to be housed in the NCOB. This new lease cost plus amortized tenant improvements would be substantially higher than the current lease rate, and would be in addition to lease payments associated with the debt service for the NCOB.

Finally, we were pleased to note that the Council concurs with the Executive recommendation not to place the Executive Offices in the Administration Building. As described in my February 1st letter to the Council this decision will also save the taxpayers of King County over five and a half million dollars in avoided remodel costs.

Area of Concern: Executive Offices

With regard the Executive Offices (including the Office of Management and Budget, BRED, OIRM, and DES Administration), the following options were set forth in the February 1, 2006, staff report:

Option 1: The Executive's proposal to move the Executive Offices to the NCOB. **This is the least cost option**, as noted in the staff report.

Option 2: Move the Executive Offices into the King County Administration Building. Latest cost estimates indicate that this option would cost **\$5.5 million more** than Option 1. The Executive proposed rejecting this option due to high costs, as stated in my February 1st letter. Based upon the recent press release, Council appears to have agreed with the Executive.

Option 3: Council Proposed Ordinance to Move the Executive into the Courthouse. This option keeps the Executive Offices in the Columbia Center until Work Release can be relocated from the Courthouse to another location (the

West Wing of the downtown jail was suggested as an option). Once Work Release moves out of the Courthouse, the Executive would be moved into the remodeled space vacated by Work Release. Under this scenario, the administrative offices of the Department of Adult and Juvenile Detention (DAJD) would move from the Courthouse to the NCOB, to provide enough room the Executive Offices, including the Office of Management and Budget, in the Courthouse. **Cost estimates for the remodel of the Courthouse space and continued lease in the Columbia Center exceed the cost of the Executive's proposal (Option 1) by over \$13.3 million.** This estimate assumes \$1 million in repairs and construction in the West Wing to accommodate WER; if population projections dictate an alternative location, the cost of re-locating WER to another location (such as the Regional Justice Center) could be well in excess of \$20 million. The construction-related estimates below do not include a roughly \$1.3 million increase in jail operating costs due to the ripple effect of displacing secure inmate population from the downtown jail to the RJC. If the Skybridge is removed as part of this strategy, an additional \$21 to \$28 million would be required.

Summary of Cost Estimates:

Courthouse 10th Floor Remodel:	\$7.5 million
2 Year Extended Exec CC Lease Beyond 2007:	\$2.0 million
Courthouse 2nd Floor Remodel:	\$1.2 million
Admin Building 5th Floor Remodel:	\$1.6 million
West Wing Remodel**:	\$1.0 million
Total over Executive Proposal:	\$13.3 million
Potential Re-location of WER (non-KCCF):	\$20 million
Potential Skybridge Removal:	\$21 - \$28 million

Clearly, the Executive's recommendation (Option 1) could save the taxpayers tens of millions of dollars over Option 3. It appears, however, from a recent Council press release and the ordinance recently proposed by the Council, that a majority of Councilmembers favor Option 3. This option is not only the highest cost option, but also appears to be contrary to adopted King County policy; this option holds vacant space in a county-owned facility, while leasing space in a private facility.

Although the Council-proposed ordinance addresses the Council's desire to have the Executive's Offices in the Courthouse together with the Council, the Executive has asked that you please consider the following in your deliberations:

- The Council-proposed ordinance will cost King County taxpayers in excess of \$1 million per year to rent space in the Columbia Center for a period of several years.
- While paying rent in privately-owned space in the Columbia Center, there will be space held vacant in County-owned office space.
- **Even if it is the ultimate goal of the King County Council is to move the Executive Offices into the Courthouse (despite the high cost), there is no need to pay scarce taxpayer resources for rent in a private building, while a County-owned building stands vacant. Moving the Executive offices into the NCOB in 2007 does not preclude moving the Executive Offices into the Courthouse at a later date, when space planning options for WER have been decided and the WER space in the Courthouse has been remodeled. It is better – and far less expensive – for the Executive Offices to reside in the New County Office Building at least for the next few years.**

Below is a more detailed discussion of the policy framework regarding this decision, and the issues FMD identified for each option.

Policy Framework

Before discussing each of the options, I would like to highlight relevant policy statements in the 2005 Space Plan, which was adopted by the King County Council on December 3, 2005. This plan, which was substantially modified from the Executive's proposed 2004 Space Plan during the course of Council review and deliberation, set forth the following:

- “This space plan is guided by long-range policies adopted by the council over the past five years, as well as by the findings of the properties expert review task force, the budget advisory task force, the elections oversight committee and the King County commission on governance, which urged controls on the growth of criminal justice agency costs, strategic investment in technology and the need to complete annexation or incorporation of the urban unincorporated areas of the county.”
- “The county shall co-locate services when functional relationships or user accessibility warrant and when economically feasible. Long term asset management of county properties shall consider the needs of agencies with functional adjacency or related functions, especially when co-locating.”
- “The county has retained, upgraded and restored the King County courthouse, including life safety improvements, so that it is available for functions requiring weapons screening or a heightened level of security. Due to the availability of heightened security, elected officials such as judges, councilmembers, the executive, the prosecuting attorney, the sheriff and the assessor should be considered priority candidates for occupancy in the courthouse. Supporting

functions for approved courthouse occupants requiring heightened security shall also be candidates for occupancy.”

- “It is the intent of the council that upon completion of the department of adult and juvenile detention, operational master plan implementation plan and the integrated security project, the executive shall develop a proposal for locating the work education release (WER) program in the west wing of the King county correctional facility. The proposal shall include recommendations for alternative tenants in the courthouse space vacated by WER.”

Discussion of Options

In considering each of the three options in light of the relevant 2005 Space Plan policy directives, it is clear that, from a policy perspective as well as cost, the Executive’s proposal is the best option. Numerous studies, Space Plan policy and other policy directives are based upon the conclusion that King County should limit its reliance on outside leases. It is far less expensive to own than to lease general office space. This basic principal argues strongly against the ordinance recently proposed by councilmembers (Option 3), which would unnecessarily continue to lease general office space in the Columbia Center for a number of years.

The second policy listed above encourages co-location of functions. As defined by the King County Charter, *“The county executive shall be the chief executive officer of the county and shall have all the executive powers of the county which are not expressly vested in other specific elective officers by this charter; shall supervise all administrative offices and executive departments established by this charter or created by the county council.....”*

Clearly the Executive’s primary function is to administer the daily operations of King County government by overseeing Executive Branch departments. As such, in light of the 2005 Space Plan directive for co-location of functions, the Executive offices should be co-located with as many Executive Departments as possible. This argues strongly against locating the Executive offices in the Courthouse, which primarily houses law, safety, and justice functions associated with the courts.

The third policy directive listed above recognizes the significant investment in the Courthouse in security screening, following the tragic courthouse murders in the mid 1990’s. Obviously the highest priority for weapons screening needs to be associated with the criminal justice functions. While the 2005 Space Plan includes both the Assessor and the Executive as elected officials who could move into the Courthouse, their security requirements are not as great as those of the separately elected criminal justice agencies.

Lastly, the 2005 Space Plan states that a plan for removing WER out of the Courthouse should be developed **after** completion of the ISP and **after** implementation of the DAJD Operational Master plan. I would add that there are other master planning efforts

underway that could impact final recommendations on WER location, including the Strategic Jail Initiative, the King County Sheriff's Office Operational Master Plan, and the Superior Court Targeted Operational Master Plan. Until these master planning efforts are done, it is premature to make expensive decisions regarding the space currently occupied by WER.

Below is summary of issues for each option.

Option 1: Executive's proposal: Move the Executive Offices to the NCOB.

The Executive's proposal is the least cost alternative, requires the fewest numbers of moves, and is the quickest to implement. It complies with Space Planning policy, in that it co-locates the Executive's immediate office, and the Office of Management and Budget with Executive Branch functions. It also minimizes dependency on outside leases, while maximizing use of County-owned space. It also has the following advantages:

- Avoids double move costs (Finance to NCOB, Exec to Admin)
- Avoids millions of dollars in additional lease payments to keep the Executive in the Columbia Center.
- Avoids re-model costs:
 - In Admin Building: \$5.5 million
 - In Courthouse – Work Release Space: \$11.1 million (Not including replacement space for WER.)
- Flexibility: This tenancy plan retains “pocket space” in the NCOB to be used for special project staff. The pocket space could be used as surge space, should the County choose to conduct an asbestos abatement project in the King County Administration Building.
- Co-location of Functions: One of the goals of the recently adopted 2005 Space Plan is collocation of King County functions. This option would place the Executive and central Executive Offices in the same general-purpose government building as many of the Executive Branch functions.
- Executive Offices can move from the NCOB to the Courthouse in the future should the Council choose to do so.

Option 2: Move the Executive Offices into the King County Administration Building.

The Executive and Council appear to be in agreement that we will reject this option and save five and a half million dollars in unnecessary remodel costs over the Executive proposal.

Option 3: Council-proposed Ordinance to Move the Executive Offices to the Courthouse. Keep the Executive Offices in the Columbia Center until Work Release can be moved from the Courthouse to another location, and then move the Executive Offices into the WER space and DAJD space.

This option differs from Option 2 in that it proposes to leave the Executive Offices in their current location in leased space in the Columbia Center, and hold vacant county-owned office space until other future space planning decisions are made. These future space planning decisions include:

- The possible relocation of WER from its current location in the Courthouse to the West Wing of the downtown jail or other location following completion of the ISP.
- Review of the skybridge relocation feasibility study, and
- Other potential future space planning decisions that may affect the county's downtown core facilities.

Issues associated with the council-proposed ordinance (Option 3) include the following:

- **This is the highest cost alternative estimated at least \$13.3 million over the Executive's proposal. This includes the cost to remodel 25,000 square feet in the Courthouse for the Executive and OMB and 7,500 square feet in the Administration Building to relocate DAJD from the Courthouse, and additional lease cost during construction**
- This option does provide for co-location of Finance and Business Operations Division (FBOD). Please note, however, that those operational functions do not significantly overlap with the rest of FBOD.
- The proposal provides opportunity for vacated 6th floor Admin Building to be used as surge space during abatement of other floors. However, a whole floor would not be needed for surge space, and there is no funding to do an asbestos abatement. If a comprehensive asbestos abatement program were funded, the space to be vacated by Elections could be used as surge space.
- This council-proposed ordinance continues dependency on outside leases for general office space at a cost of approximately \$1 million per year after 2007. It will be at least 3 years before work release could be relocated (more likely longer).
- Option 3 provides an uncertain future long-term location for Executive Offices. It is not clear where the Council would place the Executive Offices should the Council decide not to house the Executive in the Courthouse because of the high cost.
- There are significant problems with moving WER into West Wing of the downtown jail:
 - Moving WER into the West Wing is contrary to the recently adopted OMP for adult detention.

- Takes away 130-160 secure detention beds...adds three more double bunked units at the RJC at a annual cost of 1.3 million and additional 18 correctional officers.
- Impacts the ISP project for current inmate housing. If we had to move those inmates to the RJC it would completely fill the RJC.
- WER is a population that could be held in another, far less expensive alternative than secure detention. Filling the jail with WER could necessitate construction of additional secure capacity at very high cost, and contradicts the County's policy goal of diverting community placement inmates out of secure detention and into alternative locations at a lower cost.
- This proposal could impact the regional jail project and limit the ability of DAJD to contract with the cities of King County.
- The Executive and OMB will not fit into the vacated WER space. It is estimated that 18,000 feet could be made available through a re-model of the WER space. The Executive would require 25,000 square feet. It would be possible to move DAJD out of the 2nd Floor of the Courthouse to the NCOB, freeing up another 7,400 square feet for OMB. Contrary to Space Plan policy, this would split OMB between the 10th and 2nd floors of the Courthouse.
- If limited space in the remodeled area were to prevent an effective and secure Skybridge entrance on the tenth floor of the Courthouse it could necessitate complete replacement of the Skybridge which is estimated at 21 to 28 million dollars.
- One of the goals of the recently adopted 2005 Space Plan is collocation of King County functions. This option would place the Executive and central Executive Offices the Courthouse, which houses criminal justice functions. It would separate the Executive from governing the Executive Branch functions.

Summary

The least cost and simplest option is the Executive's proposal to move the Executive Offices into the New County Office Building. This proposal also the most consistent with adopted space plan goals and policies.

The Executive's proposal does not preclude the Council from adopting a future space plan that relocates the Executive Offices to the Courthouse, once final decisions regarding WER are made, and if the Council chooses to incur the cost to have the space remodeled. Under such a scenario, the Executive's proposal still saves King County taxpayers over \$1 million per year in rent, and maximizes the use of King County office space. In short, the Executive's proposal minimizes costs and maximizes use of County-owned facilities. The recently proposed Council ordinance does the opposite, for it is a higher cost proposal, and holds vacant valuable County-owned space.

Honorable Bob Ferguson

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Finally, the Executive has asked that I reemphasize the importance of the potential cost associated with the Council proposal, which could range from 13 to 61 million dollars. These dollars could be much better spent investing in consolidated Elections, housing the data center, relieving space pressures on the Superior and District Courts, fund alternatives to detention, or numerous other capital projects that are top priorities of King County government.

As always, my staff and I are available to meet with any Councilmember or Council staff to discuss these issues. We look forward to working with the King County Council in successfully programming the NCOB in the most efficient and cost effective way possible.

Please feel free to call me at 296-0631 if you have any further questions or if you would like a more detailed briefing.

Sincerely,



Kathy Brown, Director
Facilities Management Division

Enclosure

Cc: King County Councilmembers
ATTN: Shelley Sutton, Policy Staff Director
Rebecha Cusack, Lead Analyst, Capital Budget Committee
Anne Noris, Clerk of the Council
The Honorable Ron Sims, King County Executive

Sheryl Whitney, Assistant County Executive
Kurt Triplett, Chief of Staff, County Executive Office
Ryan Bayne, Council Relations Director, County Executive Office
Paul Tanaka, County Administrative Officer (DES)
Dean Logan, Director, Records, Elections and Licensing Services Division (DES)
David Martinez, Acting Division Director, ITS
De'Sean Quinn, Council Relations Director, KCEO
Ryan Bayne, Director of Intergovernmental Relations, KCEO