

October 25, 2005

The Honorable Larry Phillips
Chair, King County Council
Room 1200
COURTHOUSE

Dear Councilmember Phillips:

The purpose of this letter is threefold. First, this letter transmits a motion to approve a Request for Proposal (RFP) document soliciting proposals in accordance with Ordinance 15246 for a consolidated Elections facility as recommended in multiple external reviews of Elections operations. Specifically, Ordinance 15246 requires that the RFP shall be transmitted to the County Council by October 15, 2005, and shall "...Incorporate council approved recommendations informed by the independent reviews and audit of King County Elections..." I have enclosed a copy of Ordinance 15246 for your convenience.

I apologize for the slight delay in responding to the County Council proviso. As the rest of this letter makes clear, responding to the proviso is not a simple matter. The Facilities Management Division (FMD) developed a creative and responsive proposal that I believe meets the needs of the County Council. However, it took a few weeks longer to complete the budgetary and legal review. While we did not quite meet the October 15, 2005 deadline, we have kept County Council staff informed of our progress. Executive staff presented an overview of the issues at the September 30, 2005 Joint Advisory Group. In addition, County Council budget staff were given a draft of this transmittal package on October 17, 2005, as a courtesy to begin their review prior to formal transmittal.

Secondly, I am reporting my concern that inadvertently contradictory requirements set forth in Ordinance 15246 result in a time consuming and costly process that could preclude having a consolidated Elections facility operational prior to the next presidential election. Finally, I would like to make councilmembers aware that the requirements set forth in Ordinance 15246 have created significant timing issues, both with respect to the existing Mail Ballot Operations Satellite (MBOS) lease, and with regard to bracing a lower floor of the New County Office Building (NCOB). Due to these concerns, I am proposing an alternative approach to the RFP process, which would involve the use of a real estate brokerage service to canvass the market for potential acquisition or lease opportunities. I will also be transmitting to you within the next two months legislation that will propose action on an interim replacement of the current MBOS facility when the lease for that facility expires.

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It is important to note that I previously proposed further due diligence on potentially a cost effective alternative, acquisition of the 1130 Rainier Building, that could have met all requirements of consolidating Elections operations as well as meeting the requirements for the ITS Data Center. At the time of County Council review of this proposal, there was a tremendous amount of data and information being discussed and considered. In particular, I am aware of the fact that because the 1130 Rainier proposal was designed to solve both Elections consolidation and the ITS Data Center, it was difficult for the County Council to evaluate the Elections-only costs and benefits. Therefore, I would like to take the opportunity now to summarize, in simpler terms, how my 1130 Rainier proposal compared to other Elections options being considered at the time.

My proposal, based on the latest cost information, could have delivered the Elections space in time for the 2006 elections with the Elections portion of the acquisition cost totaling about \$10.5 million, with a lease equivalent cost of approximately \$11 per square foot. The remaining cost of the building was attributable to the ITS Data Center. This compares to a current lease rate of \$8 per square foot at the existing and vastly inadequate MBOS facility, which has lease expiration next year. In addition, the proposed \$11 per square foot for the 1130 Rainier Building was substantially less than the \$14 per square foot in the current King County Administration Building space, and an estimated \$17 per square foot in the NCOB.

The Metropolitan King County Council, through its actions in Ordinance 15246, rejected the proposal to further evaluate acquisition of the 1130 Rainier Building. Ordinance 15246 direction to exclude the ITS data center requirement from future searches for a consolidated Elections facility has effectively eliminated that site from future consideration even if it were to be available. The general idea behind my original proposal was to leverage the existing data center infrastructure in the building to offset the need for costly infrastructure in a new data center or in upgrades of the existing data center and, at the same time, have a reasonably priced and amply flexible facility ready for Elections occupancy prior to the major elections of 2006.

This building had the unique advantage of addressing both the need to physically consolidate Elections in a suitable facility and having the infrastructure to place the county's computer center in the building as well. The building was the low cost option for addressing both the needs as well as providing for maximum flexibility in dealing with future changes in Elections operations. The 1130 Rainier Building, with its data center infrastructure, would not be financially competitive with other outside opportunities as a stand alone Elections facility. Executive staff are pursuing ways to deal with the county's data center needs independent of our efforts to secure long-term solutions to our Elections facility needs.

In addition to eliminating the ability to achieve economies of scale by combining Elections functions with the ITS data center, the recent legislation rejecting my proposal for a potential consolidated Elections and data center facility has created a potentially costly and time-consuming planning and review process that, if strictly followed, might jeopardize the ability to conduct orderly and secure elections for the next several years.

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The 1130 Rainier Building proposal was made after extensive real estate market research. The Real Estate firm of Collier's International in 2003 and 2004 undertook three separate real estate searches which resulted in 55 potential candidates which were all evaluated by the FMD.

Although this market research was extensive, there were few opportunities available on the market to fully meet the needs of Elections. Elections operations are similar to light industrial and office functions in terms of facilities needs. This type of building is extremely difficult to find in or near downtown Seattle, a location that would provide optimum public transportation for Elections workers and observers during peak periods.

I am committed to moving forward in the effort to secure a site for consolidation of King County Elections functions. This transmittal provides you with two options for moving forward: 1) the RFP process prescribed by Ordinance 15246, and 2) an alternative approach involving use of a real estate brokerage firm to further search the market. I strongly recommend the second alternative, which does not absolutely preclude an RFP process if so desired upon completion of market research. This approach would provide more potential opportunities, would take less time, and would likely be less costly than the approach prescribed by Ordinance 15246.

Consistent with the policy directive given in Ordinance 15246, I have enclosed a draft RFP and motion to approve the RFP. I have also enclosed as an alternative approach, a proposed appropriation ordinance that would allow Executive staff to move forward with a real estate brokerage firm to conduct further market research. This market research would take place immediately, prior to County Council review and action on reports and recommendations that, according to Ordinance 15246, must take place prior to issuance of an RFP. In other words, my proposed alternative approach would not preclude nor delay the RFP process prescribed in Ordinance 15246, should the Metropolitan King County Council ultimately wish to pursue that course of action. If the County Council wishes to pursue the RFP process then some member of the council would need to introduce the draft RFP motion.

Request for Proposal

Ordinance 15246 directs the Executive Branch to transmit for County Council approval a proposed RFP to be used in an open competitive process to obtain a site for consolidation of King County Elections operations. With a transmittal deadline of October 15, 2005 Ordinance 15246 stated that the RFP was to be informed by reports outlined in the Ordinance. Since many of these reports will not be completed until well after the due date for the RFP, it is not possible to be entirely compliant with the requirements set forth in Ordinance 15246. Nevertheless, in an attempt to comply with the intent of the ordinance, I am at this time transmitting the enclosed RFP. The requirements set forth in the RFP are based upon known information at this time; the RFP does not, of course, comport to findings of reports to be completed in the future.

In general, the Elections Section requires a combination of traditional office space, publicly accessible service areas, temperature controlled warehouse space, and large, open production-oriented work spaces to be fully operational. Highlights of the proposed RFP include the following:

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- Proposers may submit proposals for long-term lease, lease to own, or acquisition opportunities.
- Proposals may include existing buildings, redevelopment, or new construction.
- The required area is approximately 45,000 square feet.
- A minimum parking requirement has been set at 140 cars with additional offsite capacity to accommodate peak parking demands. The adequacy of parking will be evaluated on a site-by-site basis.
- Proposers will be encouraged to submit locations within 10 minutes of downtown Seattle, close to the I-5 corridor.
- Should the location substantially vary from the desired location, the square footage requirement may need to be increased for added warehouse and distribution capacity.

Assuming that the County Council's intent was for final selection of a site for consolidation of Elections functions to be informed by the reports and work products outlined in Ordinance 15246, Executive Branch staff has developed a preliminary work plan that takes into consideration anticipated completion dates for the various reports. In the most favorable scenario, Executive staff anticipates occupancy in a consolidated site no earlier than 2007. My concern is that it is highly likely that unanticipated events could delay these ambitious milestones, causing delay in occupying and operating a consolidated facility. This timeline may not provide an adequate implementation period prior to the 2008 Presidential Election. As explained by the table and the accompanying narrative the enclosed RFP is being transmitted prior to required preliminary steps. Executive staff estimates that it will probably be at least a year before the actual RFP process can be initiated, if all requirements of Ordinance 15246 are to be met. The following actions required by Ordinance 15246 would logically precede initiation of the RFP process:

- ***Incorporation of "council approved" recommendations of 3 independent reviews, with the last review to be complete in February 2006***

The three independent reviews include 1) The King County Independent Task Force on Elections Report (completed July 27, 2005), 2) the Independent Management Audit (completed on October 3, 2005), and the Citizen's Election Oversight Committee report (scheduled for completion in February of 2006). As of today the council has not formally approved any recommendation from any of the reviews. It is unknown how much time will be necessary for council to review and deliberate prior to approval of recommendations informed by these independent reviews.

An additional concern is that the independent reviews have thus far resulted in some contradictory recommendations. For example, the Independent Task Force proposed moving to all mail balloting and the creation of regional election centers. The Independent Management Audit recommended a consolidated facility. Council direction is necessary as to which proposal should be incorporated into the RFP.

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Although the provisions of the Ordinance cannot be technically met with an RFP due date of October 15, FMD staff have prepared the enclosed RFP using information contained in the first two reports, and with input and comments received from the Citizen's Election Oversight Committee regarding my report titled *King County 2005 Space Planning Options*, prepared by the FMD in July, 2005. This report contained requirements for a consolidated Elections facility. For your convenience, I have provided a compact disc containing this report, which was originally provided to council last July. By incorporating information from these known sources, FMD staff have, to the greatest extent possible, complied with the requirements of Ordinance 15246.

- ***Incorporate the completed elections space needs program, including specialty programming requirements for ballot processing to address alternatives for improved efficiency and operational consistency.***

It appears to be the intent of Ordinance 15246 that this programming must take into consideration any operational changes adopted by council. If that is the case, the programming work should not commence until recommendations from the various reports have been adopted.

- ***Include a parking plan to address high volume peak elections parking needs.***

The parking plan should be done concurrently with the space programming. Even with a general purpose parking plan, parking will have to be evaluated on a site-by-site basis, in conjunction with an evaluation of public transportation.

The requirements and timelines summarized above determine the schedule and work plan for issuance of the RFP. Again, I am transmitting the attached RFP at this time to comply with the legislative requirements set forth in Ordinance 15246; I do not, however expect to initiate the RFP process until the provisions set forth in Ordinance 15246 have been fulfilled.

Alternative Approach to Long Term Solution

Although the prior market research process evaluated over 55 properties for long term consolidation solutions, it is my sense from the recently adopted legislation requiring an RFP process that council wishes to ensure that King County evaluate as many options as possible, in as competitive an environment as possible. Unfortunately, the RFP process as required in Ordinance 15246 may actually limit options, as well as increase workload, and extend the timeframe for Elections consolidation. A limiting factor is that potential sellers may wish to compete in an RFP process only if they feel it is unlikely that they could readily sell their properties on the market. I strongly recommend enlisting the services of a real estate brokerage firm to further research the market rather than, or at least before, executing an RFP process. Following are advantages of using a brokerage service over issuance of an RFP:

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- Real estate brokers have knowledge of facilities that could fulfill operational criteria, whether these facilities are for sale on the market or not. Brokers have the capability of contacting property owners of any site that meets King County's operational needs, and soliciting interest in sale of the potential site. The only respondents to an RFP would be property owners who have already made a conscious decision to sell or lease.
- Real estate brokers can put together potential deals based upon their knowledge of the market. A broker might be aware of a potential property transaction, or series of transactions, meeting the needs of multiple parties. Individuals responding to an RFP would not have that insight, nor would they have the incentive to put together such a deal, rather than directly selling their properties on the market.
- Allowing a broker to work on potential acquisition or lease terms allows flexibility for both the seller/lessor and King County. An RFP process locks in the requirements up front, and commits a proposer to terms and conditions, leaving little room for negotiation.
- Responding to an RFP generally requires a proposer to hire experts to perform architectural/engineering analysis as part of their proposal. This type of service can be expensive, and could deter owners of potential sites from considering making a proposal.

In summary, responding to an RFP is a fairly extensive and expensive proposition for potential sellers. It would be far easier to simply list their properties with a broker for sale, particularly if the property meets the operational needs for manufacturing and/or warehouse purposes close to downtown Seattle. Such properties are in extremely high demand, and would be relatively easy to sell, without going through a cumbersome and expensive RFP process.

For these reasons, I have enclosed an ordinance appropriating \$50,000 to move forward with market research using a real estate broker. The \$50,000 would cover only King County staff time and minimal upfront consultant services; it would not cover full due diligence costs, nor would it cover any costs associated with an ultimate acquisition or lease agreement. Approval of this appropriation does not preclude the council from moving forward with the RFP process, if no viable site is found through the market research. It does allow staff to move forward immediately to seek a consolidated Elections site, and provides at least a potential outcome that would provide an operational consolidated Elections facility with adequate lead time prior to the 2008 Presidential Election.

Interim Proposal

No matter how we move forward with the search for a new consolidated Elections facility, there is a need to provide an interim facility solution for Elections. To address this need, I will be proposing prior to year's end an interim lease or other measure, and the appropriation of any necessary implementation funding to execute an interim plan to ensure adequate facilities for the 2006 election cycle. This action is predicated on the following facts:

- The existing Mail Ballot Operations Satellite lease expires in May 2006.
- This existing space is inadequate in quality, size, and security for necessary operations. This fact was clearly articulated in the report titled *King County 2005 Space Planning Options*, prepared by the Facilities Management Division in July, 2005. The conclusion in that report that existing Elections space is inadequate, in terms of quantity, operational quality, and security were re-affirmed in the recently completed Elections Operations Management Audit.
- If the mail ballot operations are to be moved from the current location, the move needs to be completed in June 2006 to be operational for the 2006 primary and general election.

Executive staff are in the process of evaluating potential interim plans. I will communicate options and recommendations to council as soon as possible. As mentioned above, I anticipate transmittal of legislation to address the interim Elections needs before the end of the year.

Bracing a Floor in the New County Office Building (NCOB)

Finally, I would like to report issues with regard to the council proviso restricting \$150,000 of the NCOB project appropriation, pending an executive request to fund added bracing to one of the lower floors of the NCOB. This proviso was included in Ordinance 15246 in anticipation that, at some time in the future, the lower floors of the building could be occupied by Elections administration and the ballot processing center.

The proviso language indicates that I should seek funding for a structural upgrade of "an appropriate section of one lower level floor not to exceed one full floor" in the NCOB. Given the mandatory tasks identified in Ordinance 15246, I would not expect to have final program information to design this bracing until sometime in the second half of 2006. Moving forward with design and construction of structural bracing prior to finalizing program needs runs the risk of wasted design and construction effort and cost.

Thus, King County would be seeking a new consolidated Elections facility while, at the same time investing substantial money in structural upgrades to the NCOB. I believe that it would make more sense to invest in structural upgrades if and only if a decision is made that Elections would actually be placed in the NCOB. While more expensive than bracing the floor during shell and core construction, this approach would at least eliminate the chance that expensive bracing would be designed and constructed, but never needed. Accordingly, it would be inappropriate for me to submit a request for additional funding unless a final decision is made to house Elections within the NCOB.

Again, I do not support the NCOB as a location for the Consolidated Elections Facility. In addition to the lack of suitability of a high-rise downtown office building for these types of functions, the basic economics are very unattractive. For example, the King County Council rejected the pursuit of the proposed 1130 Rainier Building as an option for Elections. That proposal had a lease equivalent cost of approximately \$11 per square foot. An equivalent NCOB cost per square foot would be approximately \$17 without consideration of any incremental building modification necessary to accommodate this function.

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Summary

To comply with the provisions set forth in Ordinance 15246, I am transmitting a draft RFP and accompanying motion for council review and consideration. I am also transmitting a supplemental budget request as an alternative that would allow the Executive Branch to move forward quickly to conduct market research to identify potential Elections consolidation options. My proposed alternative approach would not preclude an RFP process, if Council deems it necessary even after the market research is complete; it could, however, render the RFP process unnecessary, while providing a more timely and thorough process. Executive staff will, of course, work closely with the councilmembers and staff as we evaluate long-term solutions to consolidated Elections space requirements, regardless of which approach is ultimately selected by the King County Council.

I look forward to working with the King County Council in successfully housing the Elections administration and ballot counting operations in a suitable facility with appropriate security. In the meantime, it will be necessary to quickly move ahead with an interim facility plan; I will soon be transmitting legislation to address the interim needs.

Please feel free to call Paul Tanaka, County Administrative Officer, Department of Executive Services, at, 206-296-3824, if you have any further questions.

Sincerely,

Ron Sims
King County Executive

Enclosures

cc: King County Councilmembers

ATTN: Scott White, Chief of Staff

Shelley Sutton, Policy Staff Director

Rebecha Cusack, Lead Staff, BFM Committee

Anne Noris, Clerk of the Council

Bob Cowan, Director, Office of Management and Budget

Paul Tanaka, County Administrative Officer, Department of Executive Services (DES)

Kathy Brown, Division Director, Facilities Management Division, DES

Dean Logan, Division Director, Records, Elections & Licensing Services Division, DES

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