

Attachment //

Board of Trustees, Box 359717
325 Ninth Avenue
Seattle, WA 98104-2499
(206) 731-3036
Fax: (206) 731-8551

July 14, 2003

Ron Sims, King County Executive
King County Courthouse
516 Third Avenue, Room 400
Seattle, WA 98104

Larry Phillips, King County Councilmember
Chair, Budget and Financial Management
King County Courthouse
516 Third Avenue, Room 1200
Seattle, WA



Re: Proposed Changes to the Ninth and Jefferson Building

Dear Mr. Sims and Councilmember Phillips:

The Board of Trustees has reviewed the changes to the Ninth and Jefferson Building being proposed for your consideration. The possibility to add two floors and provide for additional parking within this project is seen as a key opportunity to better meet the mission of Harborview.

When the Long Range Capital Improvement Plan was approved by the County Council, it was anticipated that the Ninth and Jefferson Building was to be 215,000 square feet. However, in order to stay within the financial parameters of the bond program, the building was reduced to 144,380 square feet. Due to the reduction in size, functions being relocated from the East Clinic and Harborview Hall were placed throughout the campus. Options for adding floors to this building were discussed throughout the pre-design phase, but could not be done without additional resources.

We, at the Harborview Board of Trustees, believe we have identified a revenue source that could be used for this purpose. As part of a comprehensive space study done by staff and an agreement to modify the way in which hospital space is reimbursed by the School of Medicine, we anticipate a substantial increase in the amount of research indirect revenue that will be allocated to Harborview. This reflects the growing research being conducted at our campus, particularly in our Centers of Emphasis in trauma, burn, neurosciences and AIDS/STD. In the last 10 years, the amount of research being done by the UW School of Medicine has grown at an average rate of 10.4% per year. A chart outlining this growth is attached for your review.

The Harborview Board of Trustees will commit to finalizing its agreement with the UW School of Medicine to allocate research indirects to the HMC campus. In May, the Board voted to support the proposal for two shelled floors, parking and tenant improvements. We will be discussing these proposals in more detail at our upcoming meeting and look forward to addressing any County concerns.

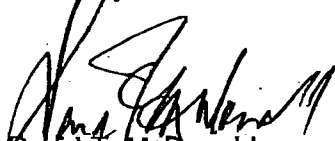
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We recognize that the cost of such debt service would be borne solely by the revenues of Harborview Medical Center. We would direct management to begin to set-aside such contributions in 2003 to ensure that debt service is available when it is needed. This would be consistent with the direction we have given to management in regard to the Board's commitment of the initial \$56 million towards this project. The Board is interested in working closely with the County to ensure that the County's assets are protected.

These additions provide for the space necessary to meet growing clinical and research needs, particularly in the area of infectious diseases. It utilizes a revenue stream that has grown substantially over the last 10 years and directs its use to the Harborview mission.

We look forward to discussing this further with you. We will continue to direct staff to finalize the agreements between the School of Medicine and Harborview as well as the agreement between the Board of Trustees and the County, if you are supportive of this approach. We thank you for your consideration of this proposal.

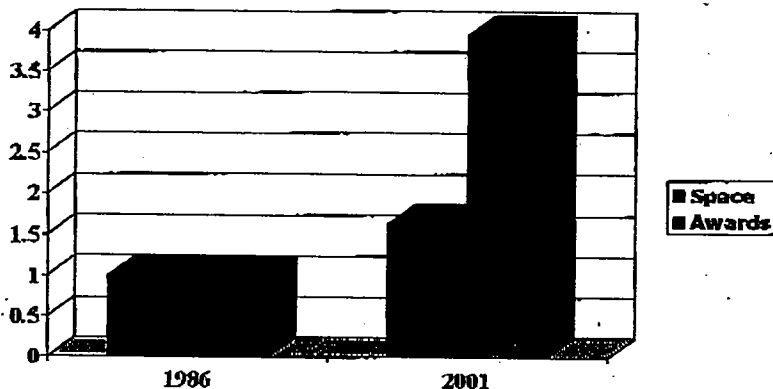
Sincerely,



David T. McDonald
President
Board of Trustees

encl.

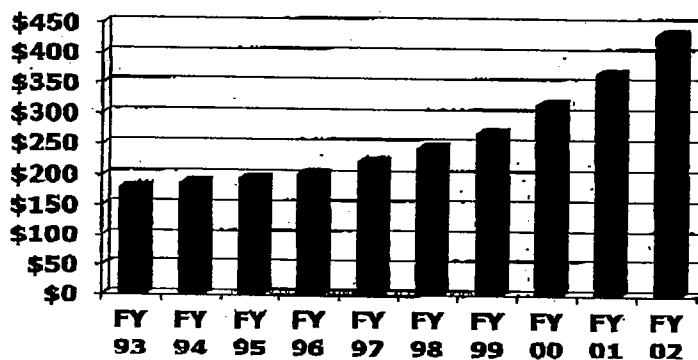
Comparative growth of research awards and space (1986 = 1.0)



NIH Awards to UW SOM Faculty

Average annual rate of increase: 10.4%

\$ in millions



US News & World Report ranking: 2 3 3 4 3 3 2