



King County



KING COUNTY AUDITOR'S OFFICE

AUGUST 1, 2023




Follow-Up on Cedar Hills Regional Landfill Permanent Support Facilities

Estimated construction costs have grown dramatically for the Solid Waste Division's (SWD) permanent support facilities at Cedar Hills Regional Landfill and could increase solid waste disposal rates for county residents and businesses. SWD has not implemented several of our recommendations that could help control costs, including creating space standards and incorporating impacts of new initiatives.

SWD's current construction cost estimate¹ for the permanent facilities is over \$140 million, far above planning-level estimates of \$49 million. While many capital projects are experiencing inflationary pressure leading to project cost increases, the cost of the permanent facilities has grown in part because SWD management has not yet developed, documented, and utilized space standards and incorporated the expected impacts of long-term initiatives on space needs. SWD has stated it plans to revisit the 30-percent design to determine how to reduce costs but expected minimum construction costs are still double planning-level estimates.

Since our management letter in fall 2022, SWD has taken positive steps toward meeting some best management practices, including developing a project schedule, and starting updates of the project management plan and risk register which will help better manage project schedule and risks. SWD should complete these efforts and continue to update documentation as the project progresses.

Of the eight audit recommendations:

 1 DONE	 3 PROGRESS	 4 OPEN
FULLY IMPLEMENTED Auditor will no longer monitor.	PARTIALLY IMPLEMENTED Auditor will continue to monitor.	REMAIN UNRESOLVED Auditor will continue to monitor.

Please see details below for implementation status of each recommendation.

¹ Construction cost estimate includes the cost of labor and materials to construct the facility and does not include items such as consultant design fees and construction oversight.

Recommendation 1

PROGRESS



Solid Waste Division should ensure the permanent facilities relocation project schedule includes all identified activities and estimated durations from project initiation through closeout and should refine the schedule as the project progresses

STATUS UPDATE: SWD's consultant estimates project completion by August 2026, in its preliminary draft schedule. However, this schedule does not reflect the additional time needed for SWD to redesign the building to lower construction costs, therefore, SWD is not likely to complete the project by August 2026.

WHAT REMAINS: To complete this recommendation, SWD should continue to refine the schedule as the project progresses, including realistic time for project redesign and value engineering.

Recommendation 2

OPEN



Solid Waste Division should develop and document contingency plans specific to the FarWest site lease, detailing conditions and timing for bringing forth a lease extension proposal for County Council consideration and identify alternative work sites should a lease extension be unavailable.

STATUS UPDATE: SWD has stated it is open to proposing to extend the lease for FarWest and has begun initial conversations with Facilities Management Division staff. However, it has not provided any documentation detailing conditions and timing for bringing forth a lease extension proposal for County Council consideration and identification of alternative work sites should a lease be unavailable. As mentioned above, in the status update for Recommendation 1, its consultant's schedule shows August 2026 for construction completion, more than three months after the current FarWest lease expiration. Previously, SWD staff stated construction of the permanent support facilities must be completed by the end of 2025 to move SWD staff out of FarWest and into the newly constructed facility before the FarWest lease ends. Bringing forth a plan for lease extension would allow decision-makers options to consider in determining how to maintain services to constituents.

WHAT REMAINS: SWD should develop and document contingency plans specific to the FarWest site lease so that there is consensus among staff on how to mitigate the risk posed by the delayed delivery of the permanent support facilities project.

Recommendation 3

PROGRESS



Solid Waste Division should follow best practices and develop and document a project management plan for the permanent facilities relocation project that covers project initiation through closeout.

STATUS UPDATE: SWD is working on finalizing a project management plan, covering the project from initiation through closeout. It expects to complete this plan by the end of July 2023. A

complete project management plan will help SWD better manage the risks associated with its permanent support facilities project.

WHAT REMAINS: SWD should complete the project management plan underway as soon as possible.

Recommendation 4

PROGRESS



Solid Waste Division should update the permanent support facilities project risk register, including contingent actions, and update the risk register at least at the beginning of each new phase and when project risks are realized, as required in the 2021 Solid Waste Project Management Manual.

STATUS UPDATE: SWD has updated the project risk register with additional identified risks but has yet to identify mitigation and contingent actions for risks which could have significant impact on the project such as delays in permitting, and approval from easement owner. Identifying contingent actions in advance can help decrease SWD's response time and limit schedule impacts.

WHAT REMAINS: SWD should develop contingent actions for project risks and continue to update the risk register as it identifies or experiences additional risks.

Recommendation 5

OPEN



Solid Waste Division should develop a plan that shows how it will prioritize and deliver capital projects within current staffing levels.

STATUS UPDATE: SWD has hired additional project managers since the issuance of our management letter in September 2022. However, this additional staffing may not be enough to sufficiently support all the projects it currently has underway, especially as SWD initiates new projects associated with its RE+ initiative. The delivery of capital projects in SWD is also dependent on limited staff resources outside the Project Management Office, such as Facilities Engineering and Science Services. SWD has not developed a plan to show how it will prioritize and deliver capital projects with these limited resources placing delivery of its projects at risk.

WHAT REMAINS: SWD should develop a plan showing prioritization of capital projects and actions it will take should current staffing levels be insufficient.

Recommendation 6

OPEN



Solid Waste Division should incorporate recent county initiatives into its operations and space needs over the lifespan of the building, including options to accommodate near-term tonnage peaks in the most cost-effective manner possible.

STATUS UPDATE: As we mentioned in our 2022 management letter, SWD currently projects tonnage to peak in 2023 and decline thereafter due to the implementation of its RE+ plan and the construction of the South County and Northeast transfer stations, which will incorporate

compactors reducing transfer trucks trips to the landfill. Additionally, SWD currently projects the landfill to reach capacity in 2038 under its selected landfill development alternative. Upon closure, landfill staffing needs will change significantly. Despite this, SWD current facility design does not incorporate the expected impact of these initiatives or consideration of how to accommodate short-term staffing and tonnage peak. SWD expects the permanent support facilities to be complete in August 2026, well after SWD’s expected tonnage peak, and with less than 12 years left in expected landfill life. Incorporating these initiatives could lower the cost of construction of the permanent support facilities decreasing impact to solid waste rate payers.

WHAT REMAINS: SWD should incorporate recent county initiatives into its operations and space needs over the lifespan of the building, including options to accommodate near-term tonnage peaks in the most cost-effective manner possible.

Recommendation 7

OPEN



Solid Waste Division should develop standardized guidelines for workstation allocations and follow their established space standards.

STATUS UPDATE: SWD has not yet developed standardized guidelines for workstation allocations and followed these established practices. While SWD states it is using the guidelines from the “King County Real Property Asset Management Plan 2020–2023” issued by FMD, a review of facility programming documentation provided by the project team found they are not using these standards to determine the type and size of workstation employees will receive. SWD is instead relying on employees to designate their own workspace requirements (e.g., offices versus cubicles). Being consistent with space standards could decrease the size and, therefore, cost of the permanent facilities and create fairness around the space allocation process.

WHAT REMAINS: SWD should allocate space standards in accordance with FMD guidance or SWD management should develop, document, and implement its own internal space standards.

Recommendation 8

DONE



Solid Waste Division should follow King County Code and account for long-term lease costs within capital projects.

STATUS UPDATE: SWD requested a technical transfer of \$2.8 million in lease costs from the Solid Waste operating fund into the Solid Waste capital fund in the 2023 first omnibus which the County Council approved in June 2023.

IMPACT: SWD’s request, and the County Council’s approval, to transfer long-term lease costs from the operating fund to the capital project has increased transparency around the costs of the permanent support facilities project and led to compliance with King County Code requirements.

Zainab Nejadi conducted this review. If you have any questions or would like more information, please contact the King County Auditor’s Office at KCAO@kingcounty.gov or 206-477-1033.