



King County



KING COUNTY AUDITOR'S OFFICE

APRIL 1, 2024

Follow-up on Cedar Hills Regional Landfill Permanent Support Facilities

Costs have more than doubled for the permanent support facilities project since Solid Waste Division (SWD) proposed it to the King County Council. The most recent estimate for completion of the permanent facilities project, including associated interim facilities, is over \$186 million,¹ which is \$106 million more than the \$80 million² budget estimate SWD provided in the 2019–2020 biennial budget.

Costs would have been even higher had SWD proceeded with its initial 30-percent design. Instead, SWD has developed space standards, which helped the division decrease estimated construction costs for the permanent support facilities though they remain far higher than initial estimates.

SWD leadership also reports they are working to prepare a lease extension for the FarWest site, where it will house its interim operations, which will help SWD avoid disruptions if the FarWest lease ends before the permanent support facilities are ready. Additionally, SWD has taken steps toward meeting some best management practices, including quarterly updates to the risk register, which will help the division identify and mitigate project budget and schedule risks.





SWD has not yet implemented other recommended practices, such as regular schedule updates, which puts budget and schedule at risk. Additionally, SWD has created a project priority list that specifies which projects are high, medium, and low priority, but it has not yet developed a plan to show how it will deliver these capital projects with current staffing levels, creating the risk that SWD will not be able to complete current capital projects on budget and on schedule.

SWD is proceeding with design of its selected alternative for the permanent support facilities without considering whether the proposed facility size and location is the most cost-effective option for accommodating near-term tonnage peaks along with long-term needs. As a result, we are closing the recommendation that SWD incorporate county initiatives into its operations and space needs over the lifespan of the building, because the recommendation would have been most impactful to implement prior to baselining the project.


¹ Nominal dollars.

² King County 2019–2020 Biennial Budget for project 1133918 SW Facilities Relocation

Of the seven remaining management letter recommendations:

	2 DONE		4 PROGRESS		0 OPEN		1 CLOSED
<p>FULLY IMPLEMENTED Auditor will no longer monitor.</p>		<p>PARTIALLY IMPLEMENTED Auditor will continue to monitor.</p>		<p>REMAIN UNRESOLVED Auditor will continue to monitor.</p>		<p>NO LONGER APPLICABLE Auditor will no longer monitor.</p>	


See details below for implementation status of each recommendation.

Recommendation 1	PROGRESS 
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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: At the time of our August 2023 follow up, SWD had created a schedule through closeout of the project. Since that time, SWD has not been completing regular updates of the project schedule. Monthly schedule updates are in SWD’s consultant’s scope of work, but the consultant has not updated the schedule since August 2023. Without regular schedule updates, SWD will be challenged to plan for long-term project resource needs, determine the longevity of interim locations, and proactively identify impediments to achieving on-time delivery of the project.

WHAT REMAINS: To complete this recommendation, SWD should ensure regular updates to the project schedule.

Recommendation 2	PROGRESS 
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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 leadership reports they are working with Facilities Management Division (FMD) to prepare a lease extension for the FarWest site for County Council consideration. FMD expects to present the legislation to the County Council in fall 2024. If approved, the legislation

would extend the lease³ at FarWest until March 2029 and allow SWD to maintain operations at the site as late as March 2031,⁴ meaning that SWD could avoid disruptions that could occur if the FarWest lease ended before the permanent support facilities are move-in ready.

WHAT REMAINS: To complete this recommendation SWD should work with FMD to submit the lease extension to the County Council for consideration.

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 reports it is currently working on its project management plan and intends to complete updates by the end of March 2024. 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 update of its Project Management Plan.

Recommendation 4

DONE



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 committed to holding quarterly meetings to review and update the risk register, with the last update held in March 2024. By reviewing and updating the risk register regularly, SWD can proactively identify strategies to mitigate risks to project scope, schedule, and budget.

Recommendation 5

PROGRESS



³ The existing FarWest lease allows SWD to occupy the site until March 31, 2026.

⁴ This would be achieved through the use of two, one-year lease extension options currently included in the draft lease agreement.

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 created a project priority list that specifies which projects are high, medium, and low priority for the division, but SWD has not yet developed a plan to show how it will deliver these capital projects with current staffing levels. SWD’s plan should include a resource leveling effort that considers staff in both capital and operational assignments. SWD staff have reported that availability of resources is a constraint in delivering capital projects, but SWD continues to initiate new capital projects without determining what it can accomplish with existing resources, increasing the risk it will not complete capital projects on budget and on schedule.

WHAT REMAINS: SWD should determine and document in a plan how staffing resources affect its ability to deliver capital projects and how it will complete high-priority projects with available resources.

Recommendation 6

CLOSED



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: SWD is expecting long-term tonnage decreases as a result of its RE+ initiative and decreases in transfer trucks due to the addition of compactors at the South County and Northeast regional transfer stations. However, these tonnage decreases will not occur immediately, and SWD’s decision-making process for the permanent support facilities did not consider how to accommodate near-term peaks in the most cost-effective manner. Additionally, while SWD reports that initial planning-level estimates determined Cedar Hills was the most cost-effective option for locating the permanent support facilities, the same planning effort found this was true only while the landfill remained operational. As the move-in date for the permanent facilities slides, the time period in which both the permanent support facilities and the landfill are operational decreases. Presently, SWD expects staff to move into the permanent support facilities no earlier than 2028, while they expect landfill capacity will be exhausted by 2038.⁵ The Auditor’s Office is closing this recommendation because SWD has baselined the facility design and moved into the final design phase without ensuring it is pursuing the most cost-effective alternative for meeting King County’s short- and long-term needs.

⁵ As reported by SWD in the selection of Action Alternative 2 for the 2020 Cedar Hills Regional Landfill Development [[Project Website Link](#)] [[Action Alternative 2](#)]. Actual year of landfill closure is dependent on tonnage received.

Recommendation 7

DONE



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

STATUS UPDATE: In mid-2023, SWD received a construction cost estimate⁶ for the permanent support facilities for \$179 million, which was four times higher than the planning-level estimate of \$42 million⁷. SWD then completed a budget realignment study that included developing guidelines on workspace standards. In part, due to a move away from dedicated office space, SWD's project team was able to decrease both the size and expected construction costs of the facilities, although the baseline estimate for the revised facilities remains above the planning level estimate at \$103 million.⁸

Recommendation 8

On August 1, 2023

DONE



Zainab Nejati 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.

⁶ 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.

⁷ Inflation-adjusted estimate for construction cost at Cedar Hills from *Cedar Hills Regional Landfill Support Facilities Evaluation: Phase 2 (2019)*. Estimate is Class 4 with an accuracy range of -30% to +50%.

⁸ Class 4 estimate in 2022 dollars with accuracy of -20% to +30%.