

VII. STANDING COMMITTEES**B. Finance, Audit and Facilities Committee**UW Bothell Phase 3 – Review Project FundingINFORMATION ONLY

This information item describes the current funding plan for UW Bothell Phase 3. Since the local debt portion of this project will be repaid with appropriated funds, this debt is outside of the Internal Lending Program (ILP) and does not require Board of Regents action to authorize an ILP loan. In July 2012, the Board will be asked to take separate action on the annual Bond Resolution that will authorize the issuance of external debt to fund this and other University projects.

The UW Bothell Phase 3 project has been presented to the Board for previous actions that are summarized below.

BACKGROUND

On May 15, 2008, the Board adopted the amended Debt Management Policy, which authorized the creation of the Internal Lending Program (ILP). With a few specific exceptions, this policy states that all borrowing after July 1, 2008 will participate in the ILP. One of the exceptions is “Debt repaid from appropriated University local funds.” In the 2012 legislative session, \$30.0 million of UW debt was authorized for UW Bothell Phase 3 with the debt service to be paid from the UW Building Account, which is an appropriated local fund (therefore, the debt is not in the ILP).

The UW Building Account has revenues from land and timber sales, interest on the Permanent Account, the Metropolitan Tract, and the Building Fee portion of tuition. Total Building Fee revenues for FY12 were approximately \$22 million and are projected to be approximately \$26 million for FY13.

FUNDING PLAN

Subject to Board approval of the annual Bond Resolution in July 2012, UW will issue debt to fund UW Bothell Phase 3 on a project basis, rather than a cash flow basis, as is done under the ILP. The proceeds for the project, totaling \$30.0 million, will be part of a larger bond sale later this year that will also fund ILP cash flows in fiscal year 2013.

Sources and uses for UW Bothell Phase 3 are detailed below. The State Building Account appropriation of \$12,963,000 includes the net proceeds from the sale of the Wellington Hills property (\$9 million) and a portion of 2011-13 building fee

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collections from all three UW campuses that the Legislature appropriated for UW Bothell Phase 3.

The Building Fee bonds will be repaid with UW Bothell's portion of Building Fee revenue appropriated from the UW Building Account. If these revenues are insufficient to meet the debt service requirement, the shortfall will be met with UW Bothell's operating reserves. Treasury has performed due diligence to verify that UW Bothell Building Fee revenues will be sufficient to pay the debt service and that UW Bothell reserves are available to meet any shortfall in Building Fee revenue.

Sources of Funds

State Building Construction Acct. (2011-13 appropriation)	19,887,000
UW Building Fee Bonds	30,000,000
State Building Account	12,963,000
State Building Construction Acct. (appropriations in prior biennia)	5,150,000
TOTAL SOURCES OF FUNDS	68,000,000

Uses of Funds

Project Design	6,895,000
Project Construction	51,815,000
Equipment, Administration, Other	9,290,000
TOTAL USES OF FUNDS	68,000,000

Annual Debt Service

UW Bothell Building Fee revenue (estimated 4% borrowing rate)	1,735,000
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PREVIOUS ACTIONS

June 2008	Board delegated authority to the President to award a predesign contract for UW Bothell Phase 3 to Mithun Architects.
June 2009	Board approved the award of a design contract for UW Bothell Phase 3 to THA Architecture.

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January 2010	Board approved the use of GC/CM alternative public works process for UW Bothell Phase 3.
September 2010	Board adopted a project budget of \$68,000,000 for UW Bothell Phase 3.
June 2012	Board approved the FY2013 UW budget, including the UW Bothell Phase 3 appropriation:
	UW Building Acct. \$12,963,000
	State Building Construction Acct. \$19,887,000
	<u>UW Building Fee Bonds</u> \$30,000,000
	TOTAL \$62,850,000

PRIOR APPROPRIATIONS

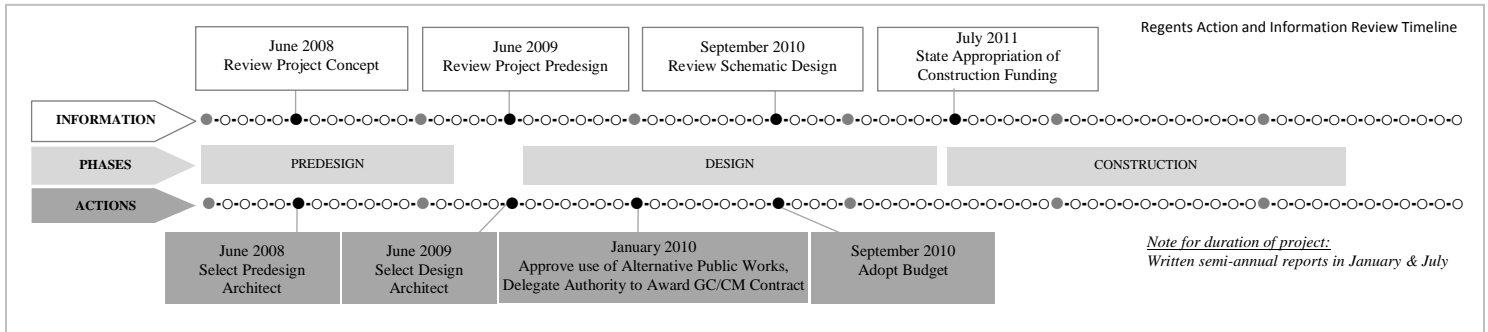
2007-09 Biennium	State appropriated \$150,000 capital funding for predesign of UW Bothell Phase 3.
2009-11 Biennium	State appropriated \$5,000,000 capital funding for design of UW Bothell Phase 3.

Attachment

September 2010 Regents Action establishing the UW Bothell Phase 3 project budget.

Approved by the Board of Regents on September 16, 2010, item F-10

UW Bothell Phase 3 – Adopt Project Budget



RECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents adopt a project budget of \$68,000,000 for the UW Bothell Phase 3 project.

In conjunction with the presentation of this action item at its September 2010 meeting, the Board of Regents will receive an informational presentation of the project schematic design and an update of the UW Bothell campus master plan.

PROJECT DESCRIPTION:

The UW Bothell Phase 3 project will provide additional academic space of approximately 74,800 gross square feet, along with required campus infrastructure development to support new and expanded degree programs at the Bothell campus. The Phase 3 project is necessary to accommodate an increased campus capacity of at least 600 new full-time equivalent (FTE) students.

PREVIOUS ACTIONS:

In June 2008, the Board of Regents delegated authority to the President to award a pre-design contract to Mithun Architects. At its June 2009 meeting, the Board of Regents approved the award of the design contract to THA Architecture. In January 2010, the Board of Regents approved the use of the General Contractor/Construction Manager (GC/CM) alternative public works process and delegated authority to the President to award a GC/CM construction contract to the selected firm, subject to the contract being within the approved project budget and funding being in place.

PROJECT SCOPE:

This project will provide for general capacity expansion, including instructional labs necessary to support new science and technology programs, a 200-seat lecture hall, and classrooms that are sized and configured to meet the needs of the lower division curriculum that was initiated in 2006. The proposed facility will provide an efficient mix of new space to foster collaboration and meet the needs of the campus as a four-year institution. The increased capacity will facilitate the development of programs specifically targeted toward career paths in Science, Technology, Engineering and Math (STEM), and Health.

Required campus infrastructure is also included as part of this third phase of the development of UW Bothell facilities. These infrastructure improvements include drainage, site, and utilities work, as well as access improvements for deliveries and emergency vehicles. This infrastructure will serve the proposed third building as well as future buildings in this area of the campus.

PROJECT SCHEDULE:

Initial efforts of the architect were focused on an update to the Bothell campus master plan, project site selection and functional and technical programming, all of which are now complete. Schematic design commenced in July 2010. Subject to construction funding in the 2011-2013 biennium, construction would commence in the summer of 2011, with occupancy occurring in the fall quarter of 2013.

PROJECT BUDGET:

The proposed project budget is \$68,000,000. Predesign funding of \$150,000 for this project was appropriated by the legislature in the 2007-09 biennium, and design funding of \$5,000,000 was appropriated by the legislature in the 2009-2011 biennium. It is anticipated that the 2011-2013 UW capital request will include construction funding of \$62,850,000 for the Phase 3 project. A Summary Project Budget is attached.

CURRENT PROJECT STATUS:

Site selection and programming are complete. Schematic Design will be complete at the end of September 2010.

The Capital Projects Office (CPO) is continuously seeking to improve its delivery of capital projects by adopting industry best practices to the extent allowable by statute. One such practice is to form the core project team as early in the project as possible. To that end, CPO completed its GC/CM selection process in sufficient time to have the selected firm join the project team concurrent with the commencement of schematic design.

Eleven firms responded to the request for proposals for GC/CM services. Four of those firms were invited to interviews with the UW selection committee. Three of the four firms were invited to submit final proposals. The firm with the highest scoring proposal was Lease Crutcher Lewis, followed by Hoffman Construction in second place and Sellen Construction in third place.

Lease Crutcher Lewis (LCL) is a leading Northwest construction firm, founded in 1886 and based in Seattle since 1939. LCL has a long history of successful major projects for public and private owners in the Northwest. LCL has completed projects as the GC/CM at the UW Seattle and Tacoma campuses and as a major subcontractor at the UW Bothell campus.

A construction contract will not be awarded to the GC/CM until the Board of Regents has approved the project budget and total funding for the project has been provided.

Attachment
Summary Project Budget

**UNIVERSITY OF WASHINGTON
CAPITAL PROJECTS OFFICE - SUMMARY PROJECT BUDGET
ALTERNATE PROCUREMENT - GCCM**

PROJECT: UW Bothell Phase 3

Project Number: 202235

ESTIMATED DATE OF COMPLETION: July 2013

	<u>Total Escalated Cost</u>	<u>% of TPC*</u>
BUDGET SUMMARY:		
PREDESIGN	\$ 946,000	1%
BASIC DESIGN SERVICES	\$ 3,097,000	5%
EXTRA SERVICES/REIMBURSABLES	\$ 847,000	1%
OTHER SERVICES	\$ 1,654,000	2%
DESIGN SERVICES CONTINGENCY	\$ 350,000	1%
CONSULTANT SERVICES **	\$ 6,894,000	10%
CONSTRUCTION CONTRACT	\$ 42,267,000	62%
OTHER CONTRACTS	\$ -	
CONSTRUCTION CONTINGENCY	\$ 4,918,000	7%
SALES TAX	\$ 4,624,000	7%
CONSTRUCTION COST	\$ 51,809,000	76%
EQUIPMENT	\$ 5,710,000	8%
ARTWORK	\$ 159,000	0%
OTHER COSTS	\$ 1,154,000	2%
PROJECT ADMINISTRATION	\$ 2,266,000	3%
RELATED PROJECTS/MITIGATION	\$ -	0%
OTHER COSTS	\$ 9,289,000	16%
TOTAL PROJECT COST (TPC)*	\$ 68,000,000	100%
<u>Included in Above:</u>		
Escalation to Mid-point of Construction	\$ 2,784,000	
SOURCE OF FUNDS:		
State Bldg Constr Acct (07/09)	\$ 150,000	
State Bldg Constr Acct (09/11)	\$ 5,000,000	
State Bldg Constr Acct (11/13)*	\$ 62,850,000	
TOTAL SOURCE OF FUNDS	\$ 68,000,000	

* Included in UW 2011-2013 Biennium State Capital Budget Request