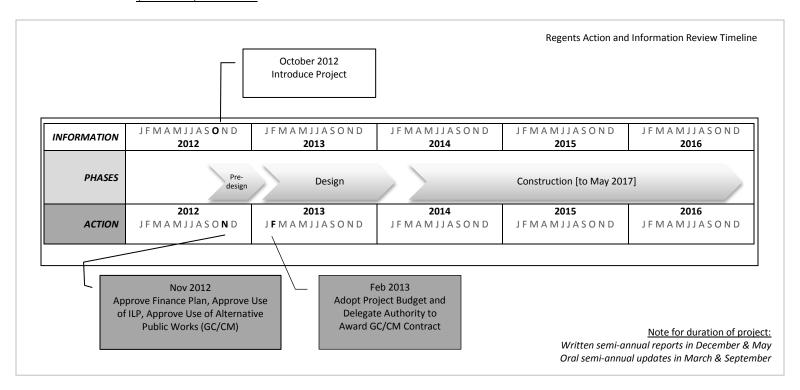VII.   STANDING COMMITTEES

B.   Finance, Audit and Facilities Committee

UW Medical Center Expansion Phase II: Montlake Tower – Adopt Project
Budget; Delegate Authority to Award General Contractor/Construction Manager
(GC/CM) Contract

Regents Action and Information Review Timeline

October 2012
Introduce Project

INFORMATION	J F M A M J J A S **O** N D 2012	J F M A M J J A S O N D 2013	J F M A M J J A S O N D 2014	J F M A M J J A S O N D 2015	J F M A M J J A S O N D 2016
PHASES	Pre-design	Design		Construction [to May 2017]	
ACTION	2012 J F M A M J J A S O **N** D	2013 J **F** M A M J J A S O N D	2014 J F M A M J J A S O N D	2015 J F M A M J J A S O N D	2016 J F M A M J J A S O N D

Nov 2012
Approve Finance Plan, Approve Use
of ILP, Approve Use of Alternative
Public Works (GC/CM)

Feb 2013
Adopt Project Budget and
Delegate Authority to
Award GC/CM Contract

Note for duration of project:
Written semi-annual reports in December & May
Oral semi-annual updates in March & September

RECOMMENDED ACTIONS

It is the recommendation of the administration and the Finance, Audit and
Facilities Committee that the Board of Regents:

1) Adopt a project budget of $186.3 million for the UW Medical Center
    (UWMC) Expansion Phase II: Montlake Tower; and

2) Delegate authority to the President to award a General
    Contractor/Construction Manager (GC/CM) contract.

PREVIOUS ACTIONS

In November 2012, the Board of Regents: 1) approved the project financing plan,
2) approved use of the Internal Lending Program (ILP) to fund up to $136.1
million for design, construction and financing costs, and 3) approved the use of
the GC/CM alternative public works contracting method.

VII.   STANDING COMMITTEES

B.   Finance, Audit and Facilities Committee

UW Medical Center Expansion Phase II: Montlake Tower – Adopt Project Budget; Delegate Authority to Award General Contractor/Construction Manager (GC/CM) Contract (continued p. 2)

BACKGROUND

The UW Medical Center Expansion: Montlake Tower is a two-phase project. The $170 million five story Phase I was approved by the Board of Regents in February 2008. In January 2010, the budget was increased to $204 million to take advantage of a favorable construction cost climate and build out the entire eight story superstructure and leaving, as shelled space, three inpatient floors and future operating room areas. In June 2010, the Board of Regents was advised that in order to accommodate additional demand for the oncology services identified in the strategic planning process, the eighth floor of the Montlake Tower would be built out as an inpatient oncology unit, increasing the project cost to $215 million.

Phase I construction was substantially complete in July 2012, and the facility began operation in October 2012.

In November 2012, the Board of Regents was presented with the need to accelerate the Phase II project in order to have additional ICU and operating room capacity in FY15 and FY16. After a presentation of the credit analysis, the Board approved the project financing plan and the use of the ILP to fund up to $136.1 million for the project. Medical Center Administration committed to return to the Board in February 2013 for approval of the project budget and authority to award a GC/CM contract.

PROJECT DESCRIPTION

The UW Medical Center Expansion Phase II: Montlake Tower project includes completion of the three shelled-in inpatient floors of the Montlake Tower, consisting of a mix of intensive care beds and medical/surgical beds. The shelled operating room areas will be completed as well.

Improvements to the core infrastructure of the Medical Center have also been incorporated into the current project plan. These improvements will enhance operating efficiencies of the entire Medical Center, as significant additional capacity would otherwise strain the existing infrastructure. Improvements include updates to pre-procedure patient preparation and recovery spaces and support areas for the operating rooms and second floor procedure areas. Updates to other clinical spaces such as infusion, neurodiagnostic areas, the oncology clinic, and chemotherapy pharmacy are also included.

B. Finance, Audit and Facilities Committee

UW Medical Center Expansion Phase II: Montlake Tower – Adopt Project Budget; Delegate Authority to Award General Contractor/Construction Manager (GC/CM) Contract (continued p. 3)

CONTRACTING STRATEGY

In November 2012, the Board of Regents approved the use of the GC/CM contracting method. On November 13, 2012, the Capital Projects Office (CPO) issued a Request for Proposals (RFP) for GC/CM services. On January 8, 2013, responses to the RFP were received from nine firms. Five firms were selected to interview on February 6, 2013. The most qualified firms will submit final proposals on February 14, 2013.

Subject to the Board's delegated authority, it is anticipated that a preconstruction services agreement with the highest scoring firm will be awarded in March 2013. The Board of Regents will be informed of the selected GC/CM at their March 2013 meeting in a report of actions taken under specific delegated authority.

SCHEDULE

Predesign	September 2012 – January 2013
Design	February 2013 – February 2014
Construction	March 2014 – May 2017

PROJECT BUDGET AND FINANCING PLAN

The proposed total project budget for the Phase II project is $186.3 million, to be funded with $50.2 million in UWMC cash reserves and $136.1 million from the Internal Lending Program in accordance with the financing plan approved by the Board of Regents at the November 2012 meeting.

REVIEW AND APPROVALS

The proposed project budget has been reviewed and approved by the Senior Vice President, the Vice Provost for Planning and Budgeting, UWMC Administration and the Treasury Office.

Attachment
Summary Project Budget

UNIVERSITY OF WASHINGTON
CAPITAL PROJECTS OFFICE - SUMMARY PROJECT BUDGET
ALTERNATIVE PROCUREMENT (GC/CM)

PROJECT: UWMC Expansion Phase ll: Montlake Tower   Project Number: 204110

ESTIMATED DATE OF COMPLETION: May 2017

Project Budget	Total Escalated Cost	% of TPC*
Pre-Schematic Design Services	$ 820,000	0.4%
A/E Basic Design Services	$ 9,156,000	4.9%
Extra Services	$ 4,035,000	2.2%
Other Services	$ 2,229,000	1.2%
Design Services Contingency	$ 2,326,000	1.2%
Consultant Services	**$ 18,566,000**	**10.0%**
GC/CM Construction Cost	$ 90,838,000	48.8%
Other Contracts	$ -	0.0%
Construction Contingencies	$ 15,895,000	8.5%
Sales Tax	$ 10,140,000	5.4%
Construction	**$ 116,873,000**	**62.7%**
Equipment & Furnishings	$ 43,350,000	23.3%
Other Costs	$ 2,161,000	1.2%
Project Management	$ 5,350,000	2.9%
Other	**$ 50,861,000**	**27.3%**
Total Project Cost (TPC)*	**$ 186,300,000**	**100.0%**

Included in Above:

Escalation at 3% per year through September 2015	$ 8,080,000	4.5%

ATTACHMENT