

**VII. STANDING COMMITTEES****B. Finance, Audit and Facilities Committee****Health Sciences Center H-Wing Renovation –Contract Award - GC/CM  
Preconstruction Services****RECOMMENDED ACTION:**

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the President be delegated authority to award the GC/CM preconstruction services contract for the HSC H-Wing Renovation project.

**Project Scope and Budget**

H-Wing is a five-story building constructed in 1948, containing approximately 66,700 gsf. The building does not meet current seismic design standards and is wholly unsuitable for modern biomedical research, both in infrastructure and in physical layout. It houses laboratory and office space for several School of Medicine departments including Physiology and Biophysics, Biological Structure, Microbiology, and Bioengineering.

The complete renovation of the H-Wing building has been envisioned as a phased project to be funded with State appropriated funds over several biennia, augmented by NIH grants and matching funds.

The original project budget of approximately \$18.1 million approved by the BOR in September 2005 consisted of the following components:

State funds of just under \$10 million from the 03-05 and 05-07 biennia provide for the structural retrofit of the entire H-Wing building to meet current seismic standards.

A grant of just over \$3.6 million from NIH and matching state and School of Medicine funds of \$4.5 million, totaling approximately \$8.1 million will provide for the renovation of laboratory spaces for the Department of Physiology and Biophysics, located on floors 2, 3 and 4 of H-Wing.

Subsequent to BOR approval of the original project budget, the Department of Biological Structure received an additional NIH grant of \$4 million and matching state funds of \$4 million, totaling \$8 million, which will fund the renovation of Biological Structure space in F, G, H, and I Wings.

Recently, a third NIH grant of \$660,000 was received for the renovation of the Fish Room in H-Wing.

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As a third installment of state funds for the project, the administration intends to request \$10 million from the 07-09 biennium appropriation. Of this amount, \$4 million is earmarked for critical mechanical system upgrades necessary to provide sufficient air to the fifth floor of H-Wing to allow occupancy of that space. The remaining \$6 million is intended to fund badly needed repairs and improvements to building mechanical, electrical and other utilities systems.

A draft project cost estimate has been developed that assumes full funding from all sources noted above. This estimate of approximately \$36.8 is shown at Attachment 1.

#### Project Schedule

The project schedule is summarized in Attachment 2.

By previous action in November 2004, the BOR approved the award of the seismic upgrade and Department of Physiology and Biophysics (Phase 1) design to Ambia Architects. In September 2005, the BOR approved the award of the Department of Biological Structure and building utilities repair work (Phase 2) to Ambia. Design work on these two phases is progressing on schedule, with Phase 1 at Design Development and Phase 2 at Schematic Design.

The original project schedule depended heavily on a complex move and surge space plan that envisioned the work taking place in a partially occupied building. As the design progressed, it became clear that this plan would be untenable. Led by the School of Medicine, the administration has developed a new surge plan that will allow for the complete decanting of H-Wing during the construction phase of the project. Funding for this new surge plan is being provided by the administration from sources outside the project budget.

#### Project Delivery Challenges and Strategy

A number of factors make the planning and design of the H-Wing project particularly challenging. The age of the building and the affects of decades of modifications require that assumptions about existing conditions and the capacity of the building infrastructure and systems carry significant risks. Until those assumptions can be tested and either confirmed or modified, cost and schedule estimates must carry significant contingencies, which affects the amount of construction work included in the design. The nature of the work, particularly the structural upgrade and utilities systems repairs, presents both technical and

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logistical challenges with uncertain impacts on cost and schedule. Since a significant portion of the planned work depends on receipt of state funding from the 07-09 biennium, the scoping, design documents and bidding strategy for the critical infrastructure and utilities repair work must anticipate a range of available funds from zero to \$10 million. With construction not scheduled to begin for another year, cost escalation in that period is difficult to predict, particularly since this project may have difficulty attracting sufficient subcontractor competition to ensure competitive pricing.

The challenges noted above make it particularly important to engage the GC/CM as member of the project team as quickly as possible. The GC/CM can assist in investigating and testing assumptions about existing conditions, conduct detailed technical and logistical planning, and engage the interest and expertise of the specialty subcontractor community to develop means and methods and estimate costs. All of these GC/CM services will help the project team increase cost and schedule accuracy, set realistic contingencies and develop a comprehensive work plan and bid package strategy.

In order to proceed with this process, the administration proposes to contract with the GC/CM for preconstruction services only at this time. The GC/CM would work with the team through the remainder of calendar year 2006 to develop a realistic scope, budget and schedule for the project. In early 2007, the administration would request from the BOR both final budget approval and authority to award the construction contract. This strategy will allow the establishment of a guaranteed construction cost at a point much closer to the actual bidding period, thereby reducing the uncertainty of market pricing. The status of the 07-09 capital budget request will also be more clear at that point.

#### GC/CM Selection

In September 2005, the BOR approved the use the alternative public works contracting procedure, General Contractor/Construction Manager (GC/CM), authorized by RCW 39.10 for construction of this project.

The administration has completed the public notification and selection process required by RCW 39.10. A solicitation for GC/CM services was issued, to which four responses were received. After a review and scoring of the proposals by the selection committee, three of the four firms were asked to submit final proposals.

A list of the competing firms and a summary of their scores and bids are shown in Attachment 3.

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The firm with the highest total score in the GC/CM competition is Skanska. Skanska is a highly capable firm with significant GC/CM experience at the University and in the state of Washington, including the recent successful renovation of Johnson Hall and their current work on the renovation of Guggenheim Hall.

With approval by the BOR, the administration intends to enter into contract negotiations with Skanska for preconstruction services only. As outlined in the project delivery strategy discussion above, the administration intends to seek a second approval action by the BOR for award of the full construction contract, once scoping and funding considerations have been further clarified.

#### ENCLOSURES:

Attachment 1 - Project Budget

Attachment 2 - Project Schedule

Attachment 3 – GC/CM Selection Tabulation Form

## ATTACHMENT 1

### Draft Cost Estimate

	Total Escalated Cost	% of TEC
<b>Consultant Services</b>		
Pre-Schematic Design Services	\$ 67,000	0.18%
A/E Basic Design Services	\$ 1,908,991	5.19%
A/E Extra Services	\$ 625,000	1.70%
Other Services	\$ 453,498	1.23%
Design Services Contingency	\$ 540,145	1.47%
<b>Construction</b>		
MACC - Primary	\$ 19,724,880	53.59%
GC/CM Costs	\$ 5,565,549	15.12%
Sales Tax on Construction	\$ 1,112,779	3.02%
Construction Contingencies	\$ 3,353,230	9.11%
Sales Tax on Contingencies	\$ 147,542	0.40%
<b>Other</b>		
Equipment	\$ 110,749	0.30%
Artwork	\$ 92,970	0.25%
Other Costs	\$ 931,931	2.53%
Project Management	\$ 2,172,451	5.90%
<b>Total Escalated Project Cost</b>	<b>\$ 36,806,715</b>	<b>100.00%</b>
<b>Escalation (included in above)</b>	<b>\$ 3,626,926</b>	<b>9.85%</b>
<b>Unfunded Costs (included in above)</b>	<b>\$ 10,000,000</b>	<b>27.17%</b>
<b>Source Of Funds</b>		
State General Fund GO Bonds/Notes*	\$ 23,996,716	
UW Non-State Revenue	\$ 4,500,000	
Non-State Revenue Grant/Gift	\$ 8,310,000	
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 36,806,716</b>	

\* Anticipates \$10M in 07-09 biennium

## Draft Schedule Attachment 2

ID	Task Name	Start	Finish	2, 2004	Half 1, 2005	Half 2, 2005	Half 1, 2006	Half 2, 2006	Half 1, 2007	Half 2, 2007	Half 1, 2008	Half 2, 2008	Half 1, 20																			
				S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J
1	Consultant Selection	Fri 9/3/04	Fri 11/26/04	11/26/04																												
2	Predesign	Mon 11/29/04	Thu 6/30/05	/04 6/30/05																												
3	Schematic Design Phase One	Fri 8/19/05	Tue 1/31/06	8/19/05 1/31/06																												
12	Schematic Design Phase Two	Thu 12/15/05	Tue 5/9/06	12/15/05 5/9/06																												
21	Design Development Phase One	Tue 1/31/06	Tue 7/4/06	1/31/06 7/4/06																												
31	Design Development Phase Two	Tue 5/9/06	Thu 9/28/06	5/9/06 9/28/06																												
41	Construction Documents Phase One	Wed 7/5/06	Fri 3/16/07	7/5/06 3/16/07																												
51	Construction Documents Phase Two	Tue 9/26/06	Mon 7/2/07	9/26/06 7/2/07																												
61	Construction, Commissioning, Occupancy	Wed 4/25/07	Fri 1/2/09	4/25/07 1/2/09																												
68																																
69	Substantial Completion	Fri 10/10/08	Fri 10/10/08	10/10/08																												
70	Final Completion	Fri 1/2/09	Fri 1/2/09	1/2/09																												
71																																
72	GCCM Selection and Preconstruction Services	Tue 4/18/06	Mon 4/23/07	4/18/06 4/23/07																												

Mon 5/8/06



## GC/CM Selection - Tabulation Form

Proposal Evaluations		GC/CM Name					
		CDK	Hoffman	y	Skanska		
Rater #1		27.0	44.0	43.0	48.0		
Rater #2		28.0	46.0	45.0	43.0		
Rater #3		26.0	47.0	42.0	41.0		
Rater #4		30.0	46.0	44.0	41.0		
Average Score (max. 50)		27.75	45.75	43.50	43.25		

Interviews							
Rater #1			18.0	29.0	25.0		
Rater #2			30.0	35.0	32.0		
Rater #3			31.0	34.0	32.0		
Rater #4			29.0	29.0	27.0		
Rater #5			23.0	28.0	26.0		
Rater #6			20.0	30.0	25.0		
Rater #7			30.0	31.0	28.0		
Rater #8			29.0	27.0	29.0		
Average Score (max. 35)			26.25	30.38	28.00		
<b>Total Proposal and Interview</b>			<b>72.00</b>	<b>73.88</b>	<b>71.25</b>		

Final Proposals							
Contractor's Fee Percentage			7.95%	5.95%	6.30%		
Contractor's Fee Amount			\$ 1,788,750	\$ 1,338,750	\$ 1,417,500		
Specified General Conditions Amount			\$ 1,638,000	\$ 2,669,361	\$ 1,926,000		
Final Proposal Bid Number			\$ 3,426,750	\$ 4,008,111	\$ 3,343,500		
Low Conforming Proposal			\$ 3,343,500	\$ 3,343,500	\$ 3,343,500		
Difference			83,250	664,611	0		
Percentage Within Low Proposal			2.49%	19.88%	0.00%		
<b>Proposal Score* (max. 15)</b>			<b>14.00</b>	<b>5.00</b>	<b>15.00</b>		
<b>Total Score (max. 100)</b>			<b>86.00</b>	<b>78.88</b>	<b>86.25</b>		

Final Proposal Scoring Key*		Final Ranking	
Low Conforming Proposal	15 points	<b>1st</b> <b>2nd</b> <b>3rd</b> <b>4th</b>	<u>Skanska</u>
Proposals within 5% of Low Proposal	14 points		<u>Hoffman</u>
Proposals within 10% of Low Proposal	12 points		<u>Mortenson</u>
Proposals within 15% of Low Proposal	9 points		_____
Proposals within 20% of Low Proposal	5 points		_____
Others	0 points		_____