

## VII. STANDING COMMITTEES

## B. Finance, Audit and Facilities Committee

Business School Project - Phase 1: New Building – Schematic Design PresentationPhase 2: Balmer Reconstruction- Architect SelectionRECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the President be delegated authority to award design contracts for pre-design and design services for the Balmer Hall Reconstruction project with the firm of LMN Architects, subject to the successful negotiation of agreements.

BACKGROUND:

Phase 1: New Building - The Schematic Design phase of the project is nearing completion. This presentation is for information only.

Phase 2: Balmer Reconstruction - The original selection of LMN Architects in 2002 was for a new Business School facility that would replace Balmer and Mackenzie Halls as well as provide new space. The June 2002 Architectural Opportunities Report noted that due to the size of the program, the project should consider a series of buildings on the N4 parking lot and Balmer/Mackenzie sites. The building(s) were to be adjacent to the Bank of America Executive Education Center. Due to an inability to raise funds sufficient to begin a single phase project, the project was placed on hold and subsequently re-conceived as a two-phase project, with the second phase being a state-funded reconstruction of Balmer Hall. Because the Phase 2 project physically connects to Phase 1 and because of a variety of complex utility and infrastructure issues which need to be solved globally during the Phase 1 design process, it would benefit the University to have the Phase 1 architect and design team also do the Phase 2 project. Consequently, it is recommended that LMN Architects continue as the architect for the Phase 2 Balmer Reconstruction project.

Project Description

The Business School intends to place itself among the top-ranked business schools in the nation. The physical facilities of the Business School require significant upgrading and expansion to house desired program offerings. The Business School intends to supplement its currently assigned space in Mackenzie Hall, Lewis Hall, Bank of America Executive Education Center (BEEC), which includes the Foster Library and Balmer Hall, with new facilities to form a new unified Business School complex.

## VII. STANDING COMMITTEES

### Finance, Audit and Facilities Committee

#### Business School Project - Phase 1: New Building – Schematic Design Presentation

#### Phase 2: Balmer Reconstruction- Architect Selection (continued p.2 )

Phase 1 is a new pair of joined buildings predominately for graduate instructional programs, faculty offices, and some undergraduate classrooms and support activities, with funding of up to \$80 million paid from a combination of donor funds and debt financing to be paid by Business School fund sources. Phase 2 is a reconstructed Balmer Hall predominantly to meet undergraduate program needs, with funding of \$46.8 million to be requested from the State of Washington as part of the UW's "Restore the Core" legislative effort.

Recent preliminary analysis determined that, even with substantial renovations, Balmer Hall could not house classrooms or other spaces that meet the needs of the University and the Business School. A full pre-design is required to be completed and submitted by December 2007.

Phase 2 is proposed to begin construction upon completion of the Phase 1 new building to allow the Balmer Hall occupants to surge into the new construction. Mackenzie Hall and the BEEC will not be modified under the current approach.

#### Previous Action

At the September 2006 Board of Regents meeting, the Project Presentation was made to the Finance, Audit and Facilities Committee, inclusive of the following items for Phase 1: the project budget was established at \$80,000,000; the use of alternative public works utilizing the General Contractor/Construction Manager (GC/CM) method of contracting was approved; and the President was delegated authority to award construction contracts, subject to no significant change in the scope, the forecast cost being within 10% of the budget, and funding being in place.

#### Scope of the Project

Phase 1 of the project develops a pair of joined new buildings primarily for graduate instructional programs, faculty offices, and some undergraduate classrooms and support activities. The program includes classrooms ranging from 25 to 85 seats, a 250-seat auditorium, breakout rooms, faculty offices, academic departmental offices, administrative offices, student commons space and support spaces. Based on the pre-design, the project budget of \$80 million would provide 123,080 gross square feet, which includes 67,630 assignable square feet. Funding of \$80 million will be provided using a minimum of \$60 million of gift funds and up to \$20 million of debt. Debt service will be paid from additional Business School revenue and cost savings that are made possible by the new facilities.

## VII. STANDING COMMITTEES

### Finance, Audit and Facilities Committee

#### Business School Project - Phase 1: New Building – Schematic Design Presentation

#### Phase 2: Balmer Reconstruction- Architect Selection (continued p.3 )

After Phase 1 is completed and occupied, the plan is to raze most of Balmer Hall and build a new facility on that site, predominantly to meet undergraduate program needs. The building would include classrooms, breakout rooms, faculty offices, program offices and support spaces, and a meeting/dining facility. The Phase 2 project budget has been estimated at \$46.8 million for 60,920 gross square feet which includes 32,906 assignable square feet. Mackenzie Hall will continue to be used to meet other Business School program needs. The University has requested State funding for this project as part of its Restore the Core effort and the Legislature has allocated \$4,000,000 in the 2007-2009 biennium for pre-design and design.

#### Phase 1 Schedule

|                                      |                                 |
|--------------------------------------|---------------------------------|
| Architect Selection                  | March 2002                      |
| Pre-design                           | February 2006 to September 2006 |
| Design                               | October 2006 to September 2008  |
| Award GC/CM Preconstruction Contract | March 2007                      |
| Construction                         | September 2008 to July 2010     |
| Occupancy and Use                    | September 2010                  |

#### Current Project Status

LMN Architects submitted the Phase 1 schematic design to the University in March 2007 for review. The architect's cost estimate was 14.4% over the project construction budget. The schematic design was reviewed with the Business School, University Administration and the Architectural Commission. Based on these reviews, changes in the building exterior design were developed and are currently being priced, with the net cost impact expected to be additive to the original estimate.

In March 2007, the University selected Sellen Construction as general contractor/construction manager (GC/CM) for this project and an Agreement for Preconstruction services was finalized on March 22, 2007. Sellen Construction has completed their initial Phase 1 schematic design estimate, which was 40% over the construction budget. This estimate is also based on the schematic design submittal and does not include the desired exterior design changes. The design and construction team have now reconciled their estimates to within 3% of each other, and the reconciled estimate is 30% over the project budget. A list of potential cost reductions has been developed, reviewed with the Business School, and is being priced by the design and construction team. The reconciled estimate will be adjusted by any costs for desired design changes, as well as by savings from accepted value

## VII. STANDING COMMITTEES

Finance, Audit and Facilities Committee

Business School Project - Phase 1: New Building – Schematic Design Presentation

Phase 2: Balmer Reconstruction- Architect Selection (continued p.4 )

engineering items, and the extent of any required Phase 1 budget adjustment will then be determined.

### Significant Risks or Opportunities

Determine cost reductions that preserve the Phase 1 project scope and design and agree upon a project budget.

Extraordinary escalation and “market conditions” in the Seattle commercial building marketplace that reflect an extremely busy construction industry and a limited pool of available materials and labor.

Provide new instructional spaces that help the Business School meet their goal of being one of the top ranked schools in the nation

Provide formal and informal interaction spaces that promote synergy and collegiate interaction among faculty and students.

Develop the new buildings to provide a unified physical presence for the Business School

# GC/CM Selection - Tabulation Form

New Business School Phase 1 2/28/07

|                                     | GC/CM Name |           |              |              |  |  |
|-------------------------------------|------------|-----------|--------------|--------------|--|--|
|                                     | Lewis      | Mortenson | Sellen       | Skanska      |  |  |
| <b>Total Proposal and Interview</b> |            |           | <b>82.83</b> | <b>77.17</b> |  |  |
| <b>Final Proposals</b>              |            |           |              |              |  |  |
| Contractor's Fee Percentage         |            |           | 4.00%        | 5.25%        |  |  |
| Contractor's Fee Amount             |            |           | \$1,840,000  | \$2,415,000  |  |  |
| Specified General Conditions Amount |            |           | \$2,045,777  | \$2,761,593  |  |  |
| Final Proposal Bid Number           |            |           | \$3,885,777  | \$5,176,593  |  |  |
| Low Conforming Proposal             |            |           | \$3,885,777  |              |  |  |
| Difference                          |            |           |              | 1,290,816    |  |  |
| Percentage Within Low Proposal      |            |           |              | 33.00%       |  |  |
| <b>Proposal Score* (max. 15)</b>    |            |           | 15.00        | 0.00         |  |  |
| <b>Total Score (max. 100)</b>       |            |           | <b>97.83</b> | <b>77.17</b> |  |  |

### Final Proposal Scoring Key\*

|                                      |           |
|--------------------------------------|-----------|
| Low Conforming Proposal              | 15 points |
| Proposals within 5% of Low Proposal  | 14 points |
| Proposals within 10% of Low Proposal | 12 points |
| Proposals within 15% of Low Proposal | 9 points  |
| Proposals within 20% of Low Proposal | 5 points  |
| Others                               | 0 points  |

**1st**  
**2nd**  
**3rd**  
**4th**

### Final Ranking

|                            |
|----------------------------|
| <u>Sellen Construction</u> |
| <u>Skanska</u>             |
| _____                      |
| _____                      |