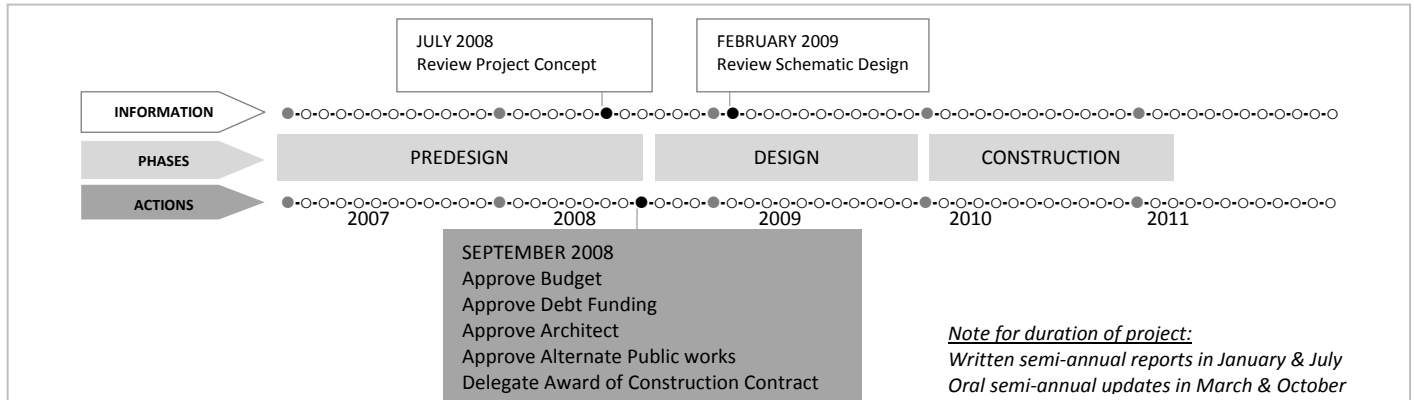


VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Magnuson Health Sciences Center J-1/J-2 Microbiology Renovation: Project Presentation, Approve Budget, Approve Debt Funding, Approve Architect, Approve Alternative Public Works, Delegate Award of Construction Contract



RECOMMENDED ACTION

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

1. the project budget be established at \$23,500,000;
2. the selection of Ambia as the project Architect, and in the event of an unsuccessful negotiation with the selected firm, it is requested that authority be delegated to open negotiations with Perkins & Will, in;
3. the use of alternative public works utilizing the General Contractor/Construction Manager (GC/CM) method of contracting;
4. financing the construction of the project referenced above through the issuance of up to \$15.7 million in short term notes (commercial paper) and the issuance of long term debt in the amount required to pay off the notes when UW General Revenue Bonds are next issued;
5. delegation of authority to the President or his designee to:
 - a. award the GC/CM construction contract to the selected firm, subject to the scope, budget and funding remaining within 10% of the established budget;
 - b. execute documents as required to complete the interim and permanent financings, including the authority to set maturities and roll periods for the short term notes and enter into a rate lock prior to obtaining permanent financing.

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Magnuson Health Sciences Center J-1/J-2 Microbiology Renovation: Project Presentation, Approve Budget, Approve Debt Funding, Approve Architect, Approve Alternative Public Works, Delegate Award of Construction Contract
(continued p. 2)

BACKGROUND

The School of Medicine (SoM) Department of Microbiology occupies approximately 32,000 GSF on the first and second floors of the Magnuson Health Sciences Center (MHSC) J Wing (see Site Plan at Attachment 1). The Microbiology space consists of wet and dry labs, teaching, support and administrative space. There has been no significant renovation or upgrade to this space since it was originally built in 1963. Consequently, the facility is inadequate to support the current research and teaching needs of the department.

In 2005, a Predesign study was conducted by the architectural firm of Perkins & Will to develop a scope and budget for a potential project to completely renovate J-1 and J-2. At that time, the project funding plan relied partially on a grant from NIH, which was not funded. The project was deferred until alternative fund sources were identified. In 2007, the central administration and SoM developed a conceptual funding plan under which a project might be funded by a combination of central and SoM funds and debt financing. The Capital Projects Office (CPO) was authorized to re-hire Perkins & Will to update the Predesign study to ensure that the program meets the needs of emerging science and the new department Chair. Perkins & Will was also tasked to investigate the condition of the J Wing infrastructure to ensure that the project scope includes sufficient repairs or upgrades to the building systems necessary to support the renovated space. The Predesign update was completed in June 2008.

PROJECT SCOPE

The proposed project scope will demolish all existing interior construction and equipment on J-1 and J-2, and replace it with modern wet labs, dry labs, teaching and support space, along with new mechanical, electrical and lab gas distribution systems on the floors. Some upgrades to the central building air supply and exhaust systems will also be included.

PROJECT SCHEDULE

Key project milestones are as follows:

Predesign	Completed June 2008
Architect Selection	September 2008
Design Phase	October 2008 through December 2009

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Magnuson Health Sciences Center J-1/J-2 Microbiology Renovation: Project Presentation, Approve Budget, Approve Debt Funding, Approve Architect, Approve Alternative Public Works, Delegate Award of Construction Contract
(continued p. 3)

GC/CM Selection	February 2009
Construction Phase	January 2010 through January 2011
Occupancy and Use	March 2011

PROJECT BUDGET

The proposed total project budget is \$23,500,000, as outlined in Attachment 2. This budget is based on the Predesign architect's estimate, with significant input from a professional estimating consultant. The budget has also been reviewed by CPO estimating staff.

PROJECT FUNDING PLAN

The funding plan calls for contributions of \$4 million each from SoM and the UW central administration, with the remaining \$15.7 million financed through the issuance of UW General Revenue Bonds.

The sources and uses are below:

<u>Sources and Uses of Funds</u>	
Sources of Funds	
School of Medicine contribution	4,000,000
Central administration contribution	4,000,000
Long/short term debt	15,655,000
Total Sources of Funds	23,655,000
Uses of Funds	
Project cost	23,500,000
Debt Cost of Issuance	155,000
Total Uses of Funds	23,655,000

CREDIT ANALYSIS

The \$1.1 million annual debt service will be paid from indirect cost revenue. The J-Wing project is not expected to generate additional revenue but is critical to the continuing success of UW's teaching and research enterprises. The Treasury

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Magnuson Health Sciences Center J-1/J-2 Microbiology Renovation: Project Presentation, Approve Budget, Approve Debt Funding, Approve Architect, Approve Alternative Public Works, Delegate Award of Construction Contract
(continued p. 4)

Office has reviewed indirect cost projections with the Office of the Provost and believes that existing indirect cost will be sufficient to pay the debt.

ARCHITECT SELECTION PROCESS

A Request for Proposals for Architectural Services was issued by CPO in July 2008. Five architectural firms responded with Statements of Qualification. Following a review and initial scoring by the selection panel, three firms were invited to interviews on September 9, 2008. The three shortlisted firms were:

- Ambia
- Perkins + Will
- NBBJ

Based on the interview results and the final tabulation of scores (see attachment 4), the most qualified firm was determined to be Ambia followed by Perkins + Will and NBBJ, in that order.

Ambia has been involved in laboratory renovations in the Health Sciences Center (HSC) since 1988. Their scope of work at the HSC includes over 27 projects, focusing primarily on research laboratories. Current projects include the H-Wing Renovation Project and the HSC 6th Floor Renovation Project. In addition to HSC projects, Ambia has successfully accomplished work to renovate Roberts Hall and performed work at Bagley Hall and Suzzallo Library.

CONSTRUCTION CONTRACTING STRATEGY

The recommendation of CPO is to use the alternative public works contracting procedure, General Contractor/Construction Manager (GC/CM), authorized by RCW 39.10 for construction of this project. The use of a GC/CM has been absolutely critical to the success of the University's large and complex projects. During design the GC/CM will be able to provide detailed construction scheduling, input into procedures and specifications considering laboratory operations, input into design constructability issues, coordination of construction documents, determination of construction logistics and needed lay-down areas, detailed cost estimates and investigation of existing as-built conditions. To help meet the overall project schedule, the GC/CM is able to bid out and start construction on early work packages before the construction documents are 100% complete if there are compelling reasons to do so. The GC/CM will be integral in developing cost savings incrementally during the design phase, rather than waiting for a total construction bid number. The intent is to have a GC/CM

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Magnuson Health Sciences Center J-1/J-2 Microbiology Renovation: Project Presentation, Approve Budget, Approve Debt Funding, Approve Architect, Approve Alternative Public Works, Delegate Award of Construction Contract
(continued p. 5)

chosen and under contract for preconstruction services at the completion of the schematic design.

Attachment 1 Project Site Plan

Attachment 2 Project Budget

Attachment 3 Financial Proforma

Attachment 4 Architect Selection Score Summary

F-7/208-09

9/18/08

SITE CONTEXT



■ J-Wing, Magnuson Health Sciences Center



University of Washington
 Microbiology Remodel
 Magnuson Health Sciences Center, J-Wing

Attachment 1

PERKINS
 + WILL

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

PROJECT: Magnusson Health Sciences Center J-1/J-2 Microbiology Renovation

Project Number: 202696

ESTIMATED DATE OF COMPLETION: January, 2011

<u>Project Budget</u>	<u>Total Escalated Cost*</u>	<u>% of TPC</u>
Pre-Schematic Design Services	\$ 188,000	0.80%
A/E Basic Design Services	\$ 1,048,000	4.46%
Extra Services	\$ 620,000	2.64%
Other Services	\$ 633,000	2.69%
Design Services Contingency	\$ 385,000	1.64%
Consultant Services	\$ 2,874,000	12.23%
GC/CM Construction Cost	\$ 13,856,000	58.96%
Other Contracts	\$ 822,000	3.50%
Construction Contingencies	\$ 2,192,000	9.33%
Sales Tax	\$ 1,518,000	6.46%
Construction	\$ 18,388,000	78.25%
Equipment	\$ 175,000	0.74%
Artwork	\$ -	0.00%
Other Costs	\$ 353,000	1.50%
Project Management	\$ 1,710,000	7.28%
Other	\$ 2,238,000	9.52%
Total Project Cost (TPC)*	\$ 23,500,000	100.00%
<u>Included in Above:</u>		
Escalation through July 2010	\$ 1,490,000	6.34%
<u>Source of Funds:</u>		
UW Central Administration	\$ 4,000,000	16.91%
UW School of Medicine	\$ 4,000,000	16.91%
UW General Revenue Bonds	\$ 15,655,000	66.18%
Total	\$ 23,655,000	100.00%

Attachment 2

J-Wing Renovation Regents Item
 August 26, 2008
 Source: Budget Office (Updated 08-26-2008)

<u>ICR Summary, 2007-2016 (\$000)</u>										
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Sources</u>										
Indirect Cost Recovery	189,000	196,000	203,000	209,090	218,154	225,055	232,368	239,372	246,685	254,204
Total Sources	189,000	196,000	203,000	209,090	218,154	225,055	232,368	239,372	246,685	254,204
<u>Uses</u>										
Research Cost Recovery (RCR)	64,100	65,110	70,050	72,230	74,580	77,190	79,460	81,790	84,200	86,680
Administrative Support	45,360	47,040	48,500	48,377	51,772	52,655	55,748	57,372	59,155	61,944
Utilities, Insurance, Property Rental	22,000	23,520	24,250	25,000	25,780	26,580	27,400	28,250	29,120	30,030
Research Support	21,170	21,750	16,640	14,250	15,410	16,920	17,470	19,180	20,370	20,280
Debt Service	11,830	14,180	16,712	17,553	17,553	16,923	17,043	17,063	17,643	18,573
J-Wing Renovation	-	-	-	-	539	1,077	1,077	1,077	1,077	1,077
Specific Building/Function	13,640	13,500	18,390	20,780	21,620	22,810	23,270	23,740	24,220	24,720
Transfer To Capital	10,900	10,900	10,900	10,900	10,900	10,900	10,900	10,900	10,900	10,900
Total Uses	189,000	196,000	205,442	209,090	218,154	225,055	232,368	239,372	246,685	254,204

Assumptions:

ICR growth from 2010 is based on CPI (State of Washington, Economic Revenue Forecast, February 2008, Table 1.1 U.S. Economic Forecast Summary)
 J-Wing debt service based on \$15,655,000 borrowing beginning January 2011
 J-Wing renovation assumes no incremental ICR revenue

Consultant Selection Sheet

Capital Projects Office

PROJECT: HSC J1/J2 Microbiology Renovation
 EVALUATORS: J. Champoux, S. Vick, D. Johnson, W. Smith, L. Copeland, T. Stahlecker.

PROJECT NO.: 202696
 DATE OF EVALUATION: 8/19/2008
 DATE OF INTERVIEWS: 9/9/2008

Interview Evaluation	Max. Score	Perkins + Will		NBBJ		Ambia
Firm's Overall Presentation	15	See Attached Individual Sheets				
Firm's workload, expertise of staff assigned to this project	20					
How does the firm intend to develop the project? (discuss pre-design validation, existing facility	20					
Ability of firm to interact and effectively communicate their vision of the project.	20					
Please describe your firm's experience in planning and managing similar laboratory renovations. Mention of	25					
Interview Points	100					

Interview Evaluation	Perkins + Will		NBBJ		Ambia
Evaluator #1	75		60		95
Evaluator #2	86		76		88
Evaluator #3	60		75		90
Evaluator #4	74		80		84
Evaluator #5	89		82		94
Evaluator #6	81		80		89
Total Points	465		453		540
Final Ranking	2		3		1

Consultant Selection Sheet

Capital Projects Office

PROJECT: HSC J1/J2 Microbiology Renovation

PROJECT NO.: 202696

EVALUATORS: J. Champoux, S. Vick, D. Johnson, W. Smith, L. Copeland, T. Stahlecker.

DATE OF EVALUATION: 8/19/2008

DATE OF INTERVIEWS: 9/9/2008

Submittal Evaluation	Perkins + Will	ARC	NBBJ	Ruffcorn	Ambia
Evaluator #1	100	69	89	75	95
Evaluator #2	97	82	89	80	90
Evaluator #3	81	71	82	79	82
Evaluator #4	78	63	77	70	66
Evaluator #5	84	77	94	83	97

Total Submittal Points	440	362	431	387	430
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Final Submittal Ranking	1	5	2	4	3
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Interview Evaluation	Max. Score	Perkins + Will		NBBJ		Ambia
Firm's Overall Presentation	15					
Firm's workload, expertise of staff assigned to this project	20					
How does the firm intend to develop the project? (discuss pre-design validation, existing facility evaluation, project schedule and estimating)	20					
Ability of firm to interact and effectively communicate their vision of the project.	20					
Please describe your firm's experience in planning and managing similar laboratory renovations. Mention of occupied facilities and what types of issues expressed as the biggest challenges.	25					
Interview Points	100					