



**Ninth and Jefferson Building
Capital Projects Oversight Report
King County Auditor's Office**

October 15, 2008



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Real value in a changing world

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EXECUTIVE SUMMARY

The Ninth and Jefferson Building is a 14-story multi-purpose high-rise tower with an underground parking garage at Harborview Medical Center. As of mid-October 2008, 65 percent of the project core/shell and tenant improvements construction are completed, compared to 60 percent a month ago.

The forecast for substantial completion of the shell and core remains January 5, 2009, and the forecast for tenant improvements completion range from March 5, 2009 to the end of the third quarter, 2009.

The projected final development cost estimate, including the server room is \$184,247,886, compared to the development budget of \$184,293,016. The total project budget of \$185,867,251 includes King County administration and art costs which are not reported on herein.

There are two items on our oversight "watch list." One is the completion of design work for the remaining tenant improvements, the anticipated dates are November and December 2008. The other is the status of the construction and tenant improvements contingency funds. Good portions of those funds are used or committed, continued monitoring of their status will occur.

SCOPE AND STATUS OVERVIEW

The Ninth and Jefferson Building is being constructed as a public-private partnership. The scope of the project includes a 14-story multi-purpose high-rise tower and five floors of underground parking. The building will house specialty services at Harborview Medical Center. Anticipated services in the building include the King County Medical Examiner (KCME), neurosciences, orthopedics, a spine center, a sleep center, global health/research laboratories, dry labs, clinical services, and the County's Involuntary Treatment Act (ITA) courtroom. The building also has retail space and underground parking for use by patients, visitors and the surrounding community. The developer of the project is Wright Runstad and the general contractor is Turner Construction.

Jones Lang LaSalle is providing construction oversight and documentation of current progress for the King County Auditor's Office. Site visits and attendance of meetings for the Ninth and Jefferson Building at Harborview Medical Center occur on a bi-monthly basis.

The original scope of the project included approximately 600 parking spaces and 440,000 gross square feet (GSF) in the building. As of June 9, 2008, the parking garage had 650 parking spaces and the actual building was 437,999 GSF.

Core/Shell Construction Status

Building, site and off-site improvements continue in accordance with the construction documents and local building authority of jurisdiction requirements. Current work specifically related to underground utilities will be done on weekends in order to limit impact to traffic flow in the area and around the campus.

The parking garage has a Temporary Certificate of Occupancy and has been available for Harborview Medical Center use as of July 28, 2008.

Exterior closure (Close-in) of the building continues to progress according to schedule. Unitized curtain wall installation is complete to the roof.

Interior framing for the core/shell and tenant improvements continues along with the rough in of Mechanical Electrical Plumbing systems with no noticeable impacts to the substantial completion date.

Sidewalk and street work on the south end of Terry Avenue is complete to allow uninterrupted passage of vehicles entering and exiting the operational parking garage. Utilities, sidewalks and street work are progressing on the north half of Terry Avenue, along James Street and 9th Avenue.

The freight elevator is complete for construction use, which allows the removal of the exterior hoist. The infill of the tower crane location is ongoing according to schedule.

Design continues within allowable time constraints and Bid Packages are coming in within allowed budgets.

Turner Construction is sending out a monthly neighborhood newsletter update to notify the area residents of upcoming potential impacts and contacts neighbors directly when needed to warn of upcoming noise issues.

Tenant Improvement Design Status

All tenant improvement design was originally expected to have been completed by August 30, 2008. However, as noted in Table 1, some tenant improvement design will not be complete until November. Construction of the tenant improvements will proceed in phases, moving up the tower as design is completed. The remaining space to be designed is primarily office space, and while the schedule for designing that space has slipped a little, the projected date for completion of construction is still the same. See Table 1 for a status of tenant bid package development.

Table 1 – TI Design Summary by Package

Building Floor	Bid Package Number	Description	Bid Documents Estimated Completion
1	8	Pharmacy	Schedule Not Available*
2	1	ITA Court, Pathology, KCME	Complete
3	1	UW School of Medicine	Complete
	5	Remainder of level 3	Complete
4	4	Sleep Clinic	Complete
5	4	Spine Clinic	Complete
6	4	Ortho Clinic	Complete
7	6	Eye Clinic	11/01/08
8	2	IT Services	Complete
9	2	IT Services	Complete
10	2	IT Services	Complete
11	4	STD/Virology Clinic	Complete
12	7	Global Health Offices	11/01/08
13	7	Global Health Offices	11/01/08
14	7	Neurosciences Offices	11/01/08

*Currently this program is being developed with no impact to the overall project anticipated. This scope of work is minor and will be integrated into the project schedule as the information becomes available.

Tenant Improvement Construction Status

Level 2 - KCME & Pathology – Installation of overhead mechanical, electrical and fire protection systems are complete. Walls are constructed, ceilings installed and walls are being painted. Equipment deliveries continue with installation being done as appropriate. ITA Courtroom– Installation of stud walls is completed. Magnetic and acoustic shielding from the radiology space is complete.

Level 3 - UW School of Medicine Labs – Installation of mechanical, sprinkler and electrical rough-in is complete. Sheetrock is now being installed.

Levels 4, 5, 6, 11 - Guaranteed Maximum Price of \$11,126,629 has been approved for these four floors. Construction contract issued to Turner. Substantial Completion targeted for 3/5/09.

Levels 8, 9 & 10 - UW Medicine IT Services offices – Installation of overhead piping and ductwork is being installed with framing of full-height walls underway.

SCHEDULE OVERVIEW

Completion of all tenant spaces is projected for the third quarter of 2009. No adverse impact to the project is anticipated if this date moves due to the phased occupancy of the building.

Reports from the month continue to support the forecasted projections described in Table 2 below. No potential impacts affecting the project’s forecasted delivery dates were brought to the attention of the team.

As of October 15, 2008, there are 55 remaining workdays until substantial completion of core and shell.

Table 2 – Substantial Completion Date by Building Floor**

Building Floor	Current Forecast Target Date	Previous Month Forecast Target Date	Notes
Garage	07/01/08 (actual)		
1	Currently Under Design	No information	Please see note on Pharmacy in Table 1.
2	01/05/09	01/05/09	
3	01/05/09	01/05/09	
4	03/05/09	03/05/09	
5	03/05/09	03/05/09	
6	03/05/09	03/05/09	
7	Currently Under Design	No Information	
8	01/05/09	01/05/09	
9	01/05/09	01/05/09	
10	01/05/09	01/05/09	
11	03/05/09	03/05/09	
12	Currently Under Design	No Information	
13	Currently Under Design	No Information	
14	Currently Under Design	No Information	
Core/Shell	01/05/09	01/05/09	

** Substantial completion is described as Harborview Medical Center’s ability to gain beneficial occupancy of the building. Allowing the move-in process to begin, while construction activities related to finishing the building continue to be completed.

BUDGET OVERVIEW

The development budget including core/ shell, tenant improvements, and the server room is \$184,293,016. The project team is anticipating this budget is sufficient to cover all development costs. The forecast cost at completion is \$184,247,886 which is unchanged from last month.

An additional \$1,602,000 has been budgeted for King County administration and art, outside the scope of WRC work and this report.

Table 4 - Use of Project Contingency as of October 15, 2008

Type of Contingency	Contingency Budget	Contingency Committed		Notes
		\$	%	
Owner's	1,320,000	1,251,605	95%	Includes \$1,070,000 for building wireless system
General Use	5,103,000	200,000	4%	
Tenant Improvements	11,500,000	46,000	1%	It is anticipated these dollars will be spent on funding the balance of the Tenant Improvements.

At this stage of the project, buyout of savings on subcontractor bids is being finalized and will be reported in next month's report. This will result in additional funds being available for the project to cover cost overruns, if needed, in areas such as tenant improvements.

Tenant Improvement Costs

TI Package #1 - Negotiated GMP of \$20,460,000. This package includes floors 2 and 3, Lab and Specialty Services. This sum represents approximately 35% of the consolidated TI budget and contingency. The space included in package #1 is 69,300 SF. The average cost per square foot for this package is approximately \$295 which is within the \$312/SF consolidated budget and contingency (\$250/SF budget + 25% contingency = \$312/SF) contained in the tenant improvements budget.

TI Package # 2 - Negotiated GMP of \$4,000,000. This package includes floors 8, 9 and 10, UW Medicine Information Technology Services. This sum represents approximately 7% of the consolidated TI budget and contingency. The space included in package #2 is 58,044 SF. The average cost per square foot for this package is approximately \$75, which is within the \$94/SF consolidated budget and contingency (\$75/SF + 25% contingency = \$94/SF) contained in the tenant improvements budget.

TI Packages #3 & #4 (Levels 4, 5, 6 & 11 Clinics) – Turner Construction was the successful bidder amongst three other general contractors that competitively bid to perform the construction of these clinics. The GMP for this package is \$11,126,629, which represents approximately 20% of the consolidated TI budget and contingency and approximately 76,000 SF. The average cost per square foot for these clinics is approximately \$146, which is over the consolidated tenant improvements budget and contingency, but covered by the budget savings on TI Packages 1 & 2.

TI Packages #5, 6, 7 and 8 - The remaining TI packages should be bid and or contracted by the end of December.

The estimated cost per square foot for the remaining TI packages is expected to be at, or slightly above, the original allowances but within the total project cost. The use of the Tenant Improvement Design Contingency, and possibly the use of savings from the construction of the shell and core will be used to cover those costs.

Continued oversight of project tenant demands and value engineering is ongoing in order to keep the total project cost within the budget.

GENERAL OBSERVATIONS

The project team continues working together to come up with pro-active solutions for complex construction scope, schedule and budget issues as they arise. It is apparent the relationship between developer, architect, contractor, and owner representative is open and fluid.

This project appears to be in good shape to finish within Harborview / King County required timeframes and within the proposed total project budget.

STATUS / ISSUES			GENERAL OBSERVATIONS		
<p>NJB Building Construction</p> <p>Shell and Core work is on track for completion.</p> <p>Work on street and underground utilities work is progressing per schedule.</p>			<p>1. TI Packages for levels 5, 6, and 11 were bid in late August and were awarded to Turner Construction in September.</p> <p>2. Construction Drawing Target Schedules are slipping, but the WRC, Turner and Users have a plan to occupy building in phases by Q3 of 09.</p> <p>3. Scope needs to be monitored in balance of TI projects to keep cost within Original Budget.</p>		
<p>Harborview / Tenant Improvement Issues</p> <p>TI packages continue through design phase with some dates slipping. No time concerns at this point reported by team as a phased occupancy will occur in building.</p> <p>The concept of sending out the last package of TI's to multiple contractors was successful in keeping costs in alignment with budgets allowed.</p>			<p>Tenant Plan % Complete</p>		
<p>Schedule Status/Issues (Design/Construction/Other)</p> <p>Turner continues to find and suggest ways to move ahead with general TI work while specific TI details for several of the lower floors has lagged slightly.</p> <p>Design Milestones have been set and team is working towards those goals</p>					
<p>Budget or Schedule at Risk</p>	<p>Some Concern-Topic Being Reviewed</p>	<p>Currently No Issue</p>			

COST SUMMARY	ORIG KC APPROVED BUDGET	Proposed BUDGET (WRC Sept. 08) ¹	FORECAST COST AT COMPLETION (WRC Oct 08)	ACTUAL COST TO DATE (WRC 9/08)	% of Proposed Budget Expended	FORECAST BALANCE to complete
SHELL AND CORE						
ARCH. & ENGINEERING	4,472,000	4,577,517	4,577,517	4,289,500	94%	288,017
CONSTRUCTION (Incl. WRC Contingency)	99,798,000	131,223,980	131,223,980	96,952,276	74%	34,271,704
MISCELLANEOUS	1,634,000	1,261,500	1,261,500	602,332	48%	659,168
GENERAL CONTINGENCY	5,103,000	6,903,000	6,903,000	0	0%	6,903,000
PROJECT ADMINISTRATION	6,705,000	7,076,994	7,076,994	4,011,239	57%	3,065,755
SUB-TOTAL	\$117,712,000	\$151,042,991	\$151,042,991	\$105,855,347	70%	\$45,187,644
SERVER ROOM = CO#1 & #2						
CONST./AE/WRC	6,922,057	Included above	Included above	Included above	n/a	Included above
CONTINGENCY	346,103	in shell and core	in shell and core	in shell and core	n/a	in shell and core
ESCALATION	389,856	construction	construction	construction	n/a	construction
SUB-TOTAL	\$7,658,016	See note ²			n/a	
TENANT IMPROVEMENTS						
TENANT IMPROVEMENT COST	47,423,000	21,358,026 ³	21,358,026	4,083,741	19%	17,274,285
TENANT DESIGN CONTINGENCY	11,500,000	11,454,000	11,454,000	0	0%	11,454,000
SERVER ROOM GENERAL CONTINGENCY	NA	267,869	267,869	0	0%	267,869
SERVER ROOM OWNER CONTINGENCY	NA	125,000	125,000	0	0%	125,000
SUB-TOTAL	\$58,923,000	\$33,204,895	\$33,204,895	\$4,083,741	12%	\$29,121,154
TOTAL PROJECT ⁴	\$184,293,016	\$184,247,886	\$184,247,886	\$109,939,088	60%	\$74,308,798

Notes

¹ Budget revisions reviewed and approved by FMD

² Change orders #1 and #2 totalled \$7,630,251 or \$27,775 below the original server budget

³ Tenant improvement budget and costs moved to shell and core construction line as levels are bid

⁴ Does not include Art or KC Administration costs of \$1,602,000. These were erroneously included in project totals in June through September reports.