



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

**November 15, 2008**



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*Real value in a changing world*

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**EXECUTIVE SUMMARY ..... 1**

**SCOPE AND STATUS OVERVIEW ..... 1**

    CORE/SHELL CONSTRUCTION STATUS ..... 1

    TENANT IMPROVEMENT DESIGN STATUS ..... 2

    TENANT IMPROVEMENT CONSTRUCTION STATUS ..... 3

**SCHEDULE OVERVIEW ..... 3**

**BUDGET OVERVIEW..... 4**

    TENANT IMPROVEMENT COSTS ..... 4

**GENERAL OBSERVATIONS ..... 5**

## **EXECUTIVE SUMMARY**

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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-November 2008, 70 percent of the project core/shell and tenant improvements construction are completed, compared to 65 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 ranges 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. This compares to the initial development budget of \$184,293,016. The total project budget is \$185,849,886, which includes \$ 1,602,000 in King County administration and art costs 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. This is targeted no later than December 31, 2008, except for the 1<sup>st</sup> Floor Pharmacy work, which is still in schematic planning. The other is the status of the construction and tenant improvements contingency funds. Good portions of those funds are used or committed and continued monitoring of their status will occur.

## **SCOPE AND STATUS OVERVIEW**

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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. This work is expected to be completed by the end of December.

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.

## Core/Shell Construction Status (continued)

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.

Utilities, sidewalk, and street work is continuing on the north half of Terry Avenue, along James Street and 9<sup>th</sup> Avenue.

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 below, some tenant improvement design will not be completed until December or later. Construction of the tenant improvements is proceeding 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, the projected completion date for construction remains the same.

**Table 1 – TI Design Summary by Bid 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	12/31/08
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	12/31/08
13	7	Global Health Offices	12/31/08
14	7	Neurosciences Offices	12/31/08

\*The Pharmacy is still in schematic planning. Bid documents will be issued once design development is complete. The scope of work is minor and no impact to the overall project schedule is anticipated.

## Tenant Improvement Construction Status

### Level 2

KCME & Pathology –Wall painting work continues. Equipment deliveries continue with installation being done as appropriate. ITA Courtroom– Sheetrock is being installed.

### Level 3

UW School of Medicine Labs –Sheetrock installation continues.

### Levels 4, 5, 6, 11

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 and framing of full-height walls continues.

## SCHEDULE OVERVIEW

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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 November 15, 2008, there are 34 remaining workdays until substantial completion of core and shell.

**Table 2 – Substantial Completion\* Date by Building Floor**

<b>Building Floor</b>	<b>Current Forecast Target Date</b>	<b>Previous Month Forecast Target Date</b>	<b>Notes</b>
Garage	07/01/08 (actual)		
1	Currently Under Design	No information	See Pharmacy Note 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. The project is being phased to allow tenant move-in on completed floors while construction work continues elsewhere in the building.

## 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. Project contingency costs are detailed in Table 3 below.

An additional \$1,602,000 has been budgeted for King County administration and art. These costs are outside of WRC's scope and this report.

**Table 3 - Use of Project Contingency as of November 15, 2008**

Type of Contingency	Contingency Budget	Contingency Committed		Notes
		Amount (\$)	% of Budget	
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.

The buyout savings for subcontractor bids is still being finalized and will be reported upon once detailed information is released by the project team. Based on the information received to date, we understand that additional funds should be available 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.

## **Tenant Improvement Costs (continued)**

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 budget. 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**

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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.