



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

July 2008





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Executive Summary

The Ninth and Jefferson Building is being constructed as a public-private partnership. The scope of the project include: a 14-story, multi-purpose high-rise tower that will be home to HarborView Medical Center's expanded specialty services, and 5 floors of underground parking. Anticipated services in the building include the King County Medical Examiner, neurosciences, orthopedics, spine center, sleep center, and global health, research laboratories, dry labs, clinical services, and the County's Involuntary Treatment Act Courtroom. The building also has retail space and four floors of underground parking for the use of patient, visitors and 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.

As of this mid-July, 2008, 55% of the project core/shell and tenant improvements construction has been completed, compared with 50% last month. The date of core & shell substantial completion is forecast to be 1/5/09 this month compared to 1/5/09 last month. The final total development cost is estimated to be \$184,247,886 this month compared to \$184,247,886 last month.

Scope Overview

The original scope included approximately 600+ parking spaces and 440,000 GSF in the building. As of June 9th, 2008 the parking garage had 650 parking and the actual GSF for the building is 437,999.

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 to limit impact to traffic flow in the area and around the campus.

The parking garage has Temporary Certificate of Occupancy and will be available for Harborview Medical Center use, starting on July 28th.

Exterior closure of building continues to progress according to schedule. Interior framing for the core/shell/ tenant improvements continues along with the rough in of MEP Systems with no noticeable impacts to the substantial completion date.

Turner Construction is sending out a Neighborhood Newsletter Update to notify the area residents of potential impacts that are in the near future.

Tenant Improvement Construction Status

Level 2

KCME & Pathology – Installation of overhead mechanical, electrical, fire protection systems are complete. Ceilings installed and walls being painted.

ITA Court – installation of stud walls is complete. Magnetic and acoustic shielding from the radiology space is complete.

Level 3

UW School of Medicine Labs – Installation of overhead mechanical, sprinkler and electrical rough-in is complete. Mechanical, Electrical wall rough-in activities are complete and sheetrock is being installed.

Levels 8, 9 & 10

UW Medicine IT Services offices – Installation of overhead piping and ductwork along with framing of full-height walls is underway.

Tenant Improvement Design Status

- All Tenant Improvement design is to be complete no later than August 30th, 2008. Construction of the tenant improvements will proceed in phases, moving up the tower as designs are completed.

The following table illustrates this month's status of the progress of the development of the tenant bid packages:

TI Design Summary by Package		
Building Floor	Design Package Number	Construction Documents Estimated Completion or Completion Date
1	Pharmacy	No program info available from HMC
2	Package #1 (ITA Court, Pathology, KCME)	Complete – Under Construction
3	Design Package #1 (UW School of Medicine)	Complete – Under Construction
	Design Package #5 (remainder of level 3)	Complete – Under Construction
4	Design Package #4 (Sleep Clinic)	Complete – Bids in August
5	Design Package #4 (Spine Clinic)	Complete – Bids in August
6	Design Package #4 (Ortho Clinic)	Complete – Bids in August
7	(Eye Clinic)	10/15/08 estimated completion
8	Design Package #2 (IT Services)	Complete – Under Construction
9	Design Package #2 (IT Services)	Complete – Under Construction
10	Design Package #2 (IT Services)	Complete – Under Construction
11	Design Package #4 (STD/Virology Clinic)	Complete – Bids in August
12	Global Health Offices	10/15/08 estimated completion
13	Global Health Offices	10/15/08 estimated completion
14	Neurosciences Offices	10/15/08 estimated completion

TI Package # 3 and 4 – Guaranteed Maximum Price is anticipated to be established in late August with a potential release date of September.

Schedule Overview

The forecast dates for substantial completion of the project by floor are shown in the following table.

Level	Substantial Completion ** Date by Level		Notes
	Current Forecast Target Date	Previous Month Forecast Target Date	
Garage	July 1st, 2008 *	Actual	
1 st	Not Under Design	N/A	Pharmacy – no program info
2 nd	January 5 th , 2009	January 5 th , 2009	
3 rd	January 5 th , 2009	January 5 th , 2009	
4 th	Bids in August	N/A (3/5/09 likely)	
5 th	Bids in August	N/A (3/5/09 likely)	
6 th	Bids in August	N/A (3/5/09 likely)	

7th	Currently Under Design	N/A
8th	January 5 th , 2009	January 5 th , 2009
9th	January 5 th , 2009	January 5 th , 2009
10 th	January 5 th , 2009	January 5 th , 2009
11 th	Bids in August	N/A (3/5/09 likely)
12 th	Currently Under Design	N/A
13 th	Currently Under Design	N/A
14th	Currently Under Design	N/A
C/S	January 5 th , 2009	January 5 th , 2009

NOTES:

* Date is actual

** 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.

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

Reports from the month continue to support the projections described above, no potential affects to the expected project delivery dates were brought to the attention of the team.

119 work days until substantial completion of core and shell.

Budget Overview

The original project budget including Core/ Shell, Tenant Improvements, King County Overhead, and Art was \$178,237,000.

Including the scope change to add the server room to the project, the total project cost is \$185,867,251.

Budget Forecast			
Scope of Work	Current Forecast	Previous Month Forecast	Notes
Core and Shell	100,198,000	100,198,000	
Tenant Improvements	56,859,360	56,859,360	
Total Project Budget	185,867,251	185,867,251	Soft costs are included in Total Project Cost but

not in the Core/Shell or Tenant Improvements Budgets.

Use of Project Contingency

- \$3,973,521 Contractor's Contingency: 35% committed to date vs 30% last month
- \$1,320,000 Owner Contingency: 95% committed to date (\$1,070,000 building wireless system charged to this budget) vs 95% last month
- \$5,103,000 General Contingency: 4 % committed to date (this 4 % is \$200,000 that was transferred to Joint Savings Contingency) vs 0% last month

Tenant Improvement Costs

TI Package #1 - Negotiated GMP of \$20,460,000. This package includes floors 2 and 3, which is Lab and Specialty Services. This sum represents approximately 35% of the consolidated TI budget and contingency, the space included in package #1, 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 ($\$250/\text{SF budget} + 25\% \text{ contingency} = \$312/\text{SF}$) contained in the tenant improvements budget.

TI Package # 2 - Negotiated GMP of \$4,000,000 fully authorized. This package includes floors 8, 9 and 10, which is offices for 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 ($\$75/\text{SF} + 25\% \text{ contingency} = \$94/\text{SF}$) contained in the tenant improvements budget.

TI Package #3 & 4 (Levels 4, 5, 6 & 11)– Currently is out for competitive bid amongst four short-listed general contractors. Bids are due at the end of August.

The estimated cost per square foot for the remaining TI packages is expected to be at, or slightly above original allowances, but within the total project cost.

The forecasted additional tenant improvement costs could be paid for by available savings from the construction of the shell and core and the use of project contingencies. Continued oversight over project tenant demands, and value engineering is being performed 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.

There is a significant amount of potential project savings resulting from sales tax that has been already paid, but which may be rebated by the Department of Revenue due to tax credits associated with the construction of research space. It is unclear at this point whether those rebates can be used to reduce project costs (and therefore, the rent that Harborview will pay when the project is complete), or whether the rebates must be allocated for future capital-related expenditures related to the research space for which the rebate was credited .

King County Ninth and Jefferson - Speed Report

Date: Jul-08

STATUS / ISSUES	GENERAL OBSERVATIONS
<p style="text-align: center;">NJB Building Construction</p> <p>Shell and Core work is on track for completion.</p> <p>Work has begun on street and with underground utilities work being done over weekends.</p> <p style="text-align: center;">Harborview / Tenant Improvement Issues</p> <p>TI packages continue to progress through design phase with some dates slipping. No time concerns at this point of project reported by team as a phased occupancy will occur in building.</p> <p>Multiple packages sent out to multiple general contractors with the anticipation that money and time will be saved on the project</p> <p style="text-align: center;">Schedule Status/Issues (Design/Construction/Other)</p> <p>Turner continues to find and suggest ways to move ahead with general TI backbone work while specific TI details for several of the lower floors has lagged slightly.</p>	<p>1. TI Packages for 5,6 and 11 out to bid and due back in August.</p> <p>2. Construction Drawing Target Schedules are slipping, but the WRC, Turner and User teams have a plan to occupy building in phases by Q3 of 09.</p> <p>3. Scope needs to be monitored in balance of projects to keep cost within Original Budget.</p>
<p style="text-align: center;">Tenant Plan % Complete</p>	
<p>Budget or Schedule at Risk</p> <p>Some Concern-Topic Being Reviewed</p> <p>Currently No Issue, Follow up shows on extended report.</p>	

COST SUMMARY	ORIG KC APPROVED BUDGET	Proposed BUDGET (WRC 9/10/07)	FORECAST @ COMPLETION (WRC Jul 08)	COMMITMENTS (Not yet in forecast, See Summary)	ACTUAL COST TO DATE (WRC 6/10/08)	REMAINING * Incomplete
SHELL AND CORE						
ARCH. & ENGINEERING	\$4,472,000	\$4,644,000	\$4,549,517		\$4,141,500	\$408,017
CONSTRUCTION (Incl. WRC Contingency)	99,798,000	\$106,992,037	\$108,425,015	\$20,067,736	\$77,592,215	\$30,832,800
MISCELLANEOUS	3,253,365	\$2,853,365	\$2,853,365	\$17,500	\$308,649	\$2,544,716
GENERAL CONTINGENCY	5,103,000	\$5,383,869	\$6,103,000		\$0	\$6,103,000
PROJECT ADMINISTRATION	6,705,000	\$7,068,345	\$7,076,994		\$2,942,852	\$4,134,142
SUB-TOTAL	\$119,331,365	\$126,941,616	\$129,007,891	\$20,085,236	\$84,985,216	\$44,022,675
SERVER ROOM = CO#1 & #2						
CONST./AE/WRC	\$6,922,057	Included Above	Included Above		Included Above	Included Above
CONTINGENCY	\$346,103	CO # 1 & 2	CO # 1 & 2		CO # 1 & 2	CO #1&2
ESCALATION	389,856	Most in CO #1 & 2	Most in CO #1 & 2		Most in CO #1 & 2	27,775
SUB-TOTAL	\$7,658,016	Incl. Above	Incl. Above	Incl. Above	Incl. Above	\$27,775
TENANT IMPROVEMENTS						
TENANT IMPROVEMENT COST	\$47,423,000	\$47,443,000	\$44,999,491	(\$20,487,003)	\$2,448,686	\$42,550,805
TENANT DESIGN CONTINGENCY	\$11,500,000	\$11,500,000	\$11,454,000	\$401,767	\$0	\$11,454,000
SERVER ROOM GENERAL CONTINGENCY	NA	NA	\$280,869		\$0	\$280,869
SERVER ROOM OWNER CONTINGENCY	NA	NA	\$125,000		\$0	\$125,000
SUB-TOTAL	\$58,923,000	\$58,923,000	\$56,859,360	(\$20,085,236)	\$2,448,686	\$54,410,674
TOTAL PROJECT	\$185,912,381	\$185,864,616	\$185,867,251	\$0	\$87,433,902	\$98,461,124