

EXECUTIVE SUMMARY

**ITEM NAME: Phoenix Biomedical Campus Health Sciences Education Building
Project Implementation Approval (Arizona Biomedical Collaborative)**

Action Item Discussion Item Information Item

Issue: The Arizona Biomedical Collaborative (UA, ASU, NAU) requests Project Implementation Approval (PIA) for the Health Sciences Education Building (HSEB) on the Phoenix Biomedical Campus (PBC). PIA will allow the expenditure of additional resources to complete the design and final cost estimates in preparation for Project Approval submittal. The project is to be financed with SPEED revenue bonds which are to be repaid 80% from lottery proceeds and 20% university funds.

Previous Board Actions: FY 2010 Capital Development Plan June 2009

Statutory/Policy Requirements:

- ▶ Board Policy 7-109 requires Capital Committee review and Board approval of projects with a total project cost over \$5 million.

Project Justification/Strategic Implications:

- ▶ The Phoenix Biomedical Campus (PBC) began operations with the completion of the restoration of three historic buildings on the former Phoenix Union High School Campus at 7th Street and Van Buren in August 2006 and the admission of 24 first-year medical students.
- ▶ Arizona Biomedical Collaborative Building 1 (ABC 1) was completed in July 2007 and now houses researchers from the ASU Department of Biomedical Informatics on the first two floors, while UA researchers occupy wet lab space on the top two floors.
- ▶ In July 2008 the number of first-year medical students was increased to 48 students.
- ▶ The next phase in the development of the campus will involve the construction of the Health Sciences Education Building (HSEB). The facility will provide a unique opportunity to train health care professionals in an integrated environment, empowering them to become national leaders in interprofessional education and delivery of health care.
- ▶ The Health Sciences Education Building is being proposed to grow the College of Medicine Phoenix to 120 first-year medical students and 80 advanced Pharmacy students. The facility will also support over 2,000 nursing students at the ASU Downtown Campus through the provision of much needed simulation labs, the Biomedical Informatics program, and assist with the start up of an NAU Health Professionals program.

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- ▶ When completed, this facility will house components of the College of Medicine-Phoenix (a partnership between UA and ASU), the UA College of Pharmacy, the UA College of Public Health, the ASU College of Nursing, the ASU Department of Biomedical Informatics, and the NAU Health Care Professionals program.

Project Description and Scope:

- ▶ The planned building site is located at 7th Street and Van Buren on the former site of the Phoenix Union High School. The land is now owned by, and will be provided by, the City of Phoenix through a contract-purchase agreement with the Arizona Board of Regents.
- ▶ The facilities planned for the 265,000 gross square foot HSEB include large lecture halls, classrooms, clinical training suites, a state-of-the art simulation center, a large gross anatomy lab, a library and learning resource center, and faculty and staff offices.
- ▶ It was anticipated that the next phase of PBC development, to follow 1 or 2 years after HSEB, would be the Arizona Biomedical Collaborative Building 2 (ABC 2), which would house the PBC research component. Given the current budget conditions and the performance of lottery revenues, the timeline for development of ABC 2 is likely to be delayed.

Recent Additions to the Plan:

- ▶ In order to bring new research space online to support the needs of faculty at PBC, a separate capital project is being developed to renovate components of the existing ABC I Building on floors 1 and 2 to provide 20,000 to 25,000 square feet of wet labs, lab support space and administrative functions, at an estimated cost of \$6 million to \$8 million. This planned renovation, when finalized, will be included in the Project Approval Document submitted to the Board in December. This renovation also will include the accommodation of 10,000 to 12,000 square feet of space in the HSEB Building for the temporary relocation of the Biomedical Informatics (BMI) program, presently housed in ABC 1. The BMI relocation will exist until such time that ABC 2 is completed and can accommodate this program. This BMI space will be provided in space that will be needed in the future for medical education expansion, as the College of Medicine grows to its ultimate 1st year student count of 120. No substantial budget increase is anticipated at this time for the inclusion of this BMI space in HSEB.
- ▶ During the summer, as the Project Team investigated the potential for Federal Stimulus Grants, a \$15 million grant application was submitted to the National Institute of Health to develop the first phase of a vivarium and research core to support research activities ongoing in ABC I. Should this project be funded, it will be brought to the Board as a separate capital project.

Additional Project Considerations:

- ▶ To maximize the long-term investment in this important facility, the HSEB will be built to

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last 50 to 75 years. The facility has been designed in consideration of UA and ASU Design and Specification Standards, and will be constructed of high quality, durable, maintainable materials and building systems to maximize energy efficiency and minimize operational, repair and replacement costs.

- ▶ In an effort to demonstrate the University's commitment to responsible, sustainable design, this project is intended to receive a United States Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) Silver Certification.

Project Delivery Method and Process:

- ▶ This project is being delivered through the Construction Manager (CM) at Risk method. This approach was selected for this project because it can save time through fast-track project scheduling, it provides contractor design input and coordination throughout the project, it improves potentially adversarial project environments, and it allows for the selection of the most qualified contractor team for each individual project. With the use of two independent estimates at each phase, and low bid subcontractor work for the actual construction, this method also provides a high level of cost and quality control.
- ▶ The CM at Risk was selected through the capital project selection committee process prescribed by the ABOR Procurement Code. Six (6) responses to the project RFQ were received and three (3) of the responding teams were short-listed for interview. A licensed contractor from the community was included on the selection committee as required by Board Policy. The design team was selected through a similar ABOR process, and four (4) teams were interviewed out of the fourteen (14) RFQ responses received.

Project Costs:

- ▶ At this point, the total project budget is \$164 million for the Health Sciences Education Building, which includes a construction cost of \$115 million. The estimated project costs for the the revisions proposed for the conversion of ABC I to wet lab space will be submitted at the time of Project Approval. The proposed grant-funded vivarium and core lab space will be submitted to the Board as a separate capital project if the grant is received.
- ▶ The project budget is developed with the assistance of the construction managers for the project, and in consideration of comparable costs from other recent ABOR projects. Relevant comparable projects identified include:

Comparable Project	Location	Escalated Project Size	Construction
			Cost/sf
ASU ISTB4	Phoenix	300,000 gsf	\$ 421 /sf
ASU Biodesign A	Phoenix	178,000 gsf	\$ 408 /sf
ASU Biodesign B	Phoenix	175,000 gsf	\$ 421 /sf
ABC I	Phoenix	85,000 gsf	\$ 383 /sf
Thomas Keating (Bio 5)	Tucson	169,000 gsf	\$ 450 /sf
Medical Research Building	Tucson	135,000 gsf	\$ 425 /sf

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- ▶ A preliminary GMP was received at the end of Schematic Design. General construction is anticipated to begin when all approvals are in place and funding has been finalized. Construction will be completed approximately two years after the CM at Risk construction contract is awarded.

Committee Review and Recommendation:

The Capital Committee reviewed this item at its September 9, 2009 meeting and recommend Board approval.

Recommendation:

That the Board grant Project Implementation Approval for the Health Sciences Education Building on the Phoenix Biomedical Campus.

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Capital Project Information Summary

University: The University of Arizona **Project Name:** Health Sciences Education Building

Project Description/Location: The Health Sciences Education Building located in Phoenix, Arizona is the first phase of the Phoenix Biomedical Campus improvements, which will include classrooms, a state-of-the-art simulation center, pre-clinical training suites, anatomy laboratories, a library, a learning resource center, and faculty offices.

Project
Implementation
Approval

Date of Board Action: September 2009

Project Scope:

Gross Square Feet	265,000
Net Assignable Square Feet	151,000
Efficiency Ratio [NASF/GSF]	57%
NASF by Space Type	
Administrative/Support/Other	41,000
Classrooms	40,000
Labs	54,000
Library	16,000

Project Schedule (Beginning Month/Year):

Planning	FY 2006-9
Design	1/08
Construction	2/10
Occupancy	5/12

Project Budget:

Total Project Cost	\$ 164,000,000
Direct Construction Cost	\$ 115,000,000
Total Project Cost per GSF	\$619
Construction Cost per GSF	\$396
Change in Annual Oper./Main. Cost	\$ 2,997,100

Funding Sources:

Capital:

A. Gifts

- City of Phoenix \$ 1,400,000

B. SPEED Revenue Bonds

- State Lottery Revenue allocations \$ 130,080,000
- University Funds \$ 32,520,000

TOTAL \$ 164,000,000

Operation/Maintenance:

General Fund Appropriation \$ 2,997,100

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Capital Project Budget Summary

University: The University of Arizona **Project Name:** Health Sciences Education Building

Note: All percentages shown are of the Subtotal Construction Cost amount.

	Project Implementation Approval <u>Estimate</u> September 2009
Date of Budget Estimate	
1. Land Acquisition	\$ 0
2. Construction Cost	
A. New Construction	103,625,000
B. Renovation	1,375,000
C. Fixed Equipment	
D. Site Development	10,000,000
E. Parking & Landscaping	
F. Utilities Extensions	
G. Inflation and Market Adjustment	
Subtotal Construction Cost	\$ 115,000,000
3. Consultant Fees	
A. Construction Manager <u>(2.5%)</u>	2,860,000
B. Architect/Engineering Fees <u>(11%)</u>	12,650,000
C. Other (Programming, schematic design for ABCII, re-design for reduced scope, reimbursables, administrative costs, commissioning) <u>(3.9%)</u>	4,512,000
Subtotal Consultant Fees	\$ 20,022,000
4. Furniture Fixtures and Equipment	6,900,000
5. Contingency, Design Phase <u>(5%)</u>	5,750,000
6. Contingency, Construction Phase <u>(9.2%)</u>	10,622,000
7. Parking Reserve	0
8. Telecommunications Equipment	2,831,500
Subtotal Items 4-8	\$ 26,103,500
9. Additional University Costs	
A. Surveys and Tests	393,600
B. Move-in Costs	65,600
C. Printing/Advertisement	82,000
D. Univ. Facilities & Project Management <u>(1.3%)</u>	1,452,968
E. State Risk Mgt. Ins	880,332
Subtotal Additional University Costs	\$ 2,874,500
TOTAL CAPITAL COST	\$ 164,000,000

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