Architect Selection
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AVP Asset Management & University Architect

FCUFS
April 23, 2020
TYPICAL MODEL FOR CONTRACTING

Theory of Compounding Risk

- Distributing Risk/Profit causes fragmentation
- Actually increases overall risk/cost to the project
NEW MODEL FOR INTEGRATED D/B
Eliminates contractual barriers to collaboration

- Risk / Profits are shared
- Needs of the project take precedence
RISK REWARD PROPOSITION
Profit depends on Project Success

Total Project
- Profit Pool
- Increased Profit Pool
- Profit Pool
- Owner’s Shared Risk

Target Cost
- Direct Costs: Planned
- Direct Costs: Below Target
- Direct Costs: Above Target
- Direct Costs: Catastrophic failure
Design Builder Selection Process

Compliance with RCW 39.10 - Alternative Public Works & Design/Build

- Qualifications based process
- Two step process – SOQ + Proposal
- Evaluation criteria shall include... must be established prior to solicitation
- Evaluation committee must be established
- Honorarium to be paid by owner
- Minimum notification timelines established
- Typically Design Builders are selected as a team - Contractor + Designer

_Tends to yield small subset of proposers and architects_
New Architect Selection Process

Selected as a subcontractor to the Builder as part of risk / reward

- **Step 1:** Solicit interest from top firms across the country
- **Step 2:** Narrow field to 10-15 firms to receive RFQ
- **Step 3:** Review and score SOQ’s to shortlist 3-5 firms
- **Step 4:** Visit offices of shortlisted firm to begin team building process
- **Step 5:** Architectural Commission interviews finalists
  (note some may be eliminated in during office visits)
- **Step 6:** Architectural Commission makes recommendation to Lou Cariello, who makes final recommendation to builder

**Results:** *Pool has been broadened. Shortlisted firms include Kieran Timberlake, ARO, Shigeru Ban, BORA, Lever, SRG, Cannon Design...*
Five Year Capital Budget

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For the last decade, UW has been steadily moving towards a long-term strategic approach to capital planning.
The Challenge: Demand > Sources

Base case assumptions indicate demands exceed sources by $137M per year

- **Growth** – investments that add new square footage driven by growth
- **Renewal** – renovations or replacement of the existing physical infrastructure
- **Strategic** – investments that have the potential to take the University in new directions through efficiencies, technologies, partnerships, etc.
- **Clinical** – investments that support the mission and objectives of the Clinical Enterprise

### Demand Buckets - $9.4B

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<tr>
<th>Year</th>
<th>Growth</th>
<th>Clinical</th>
<th>Strategic</th>
<th>Renewal</th>
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<td>FY20 - FY34</td>
<td>$2.0B</td>
<td>$4.0B</td>
<td>$3.0B</td>
<td>$6.0B</td>
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### Source Buckets - $7.4B

<table>
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<th>Year</th>
<th>Build. Acct.</th>
<th>State</th>
<th>Equity</th>
<th>Philanthropy</th>
<th>Debt</th>
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<tbody>
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<td>$2.0B</td>
<td>$3.0B</td>
<td>$4.0B</td>
<td>$3.0B</td>
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</table>

The Gap: $2.0B
Proposed Long-Term Capital Strategy
(~$500M/yr = $7.4B over 15 years)

1. Focus on Renewal / Replacement - Make capital investments in existing facilities equal to the deterioration rate. This stabilizes deferred maintenance backlog, reduces risk, and preserves historic buildings.
   - ~$240M / yr funded by state, debt, donors & equity (50% of total capex)

2. Increase Clinical Investments - Increase access to debt financing for the clinical enterprise to address strategic, growth, and renewal needs of the clinical operation.
   - ~$125M / yr funded by clinical equity & debt (25% of total capex)

3. Limit UW’s square footage growth - Reduce Seattle campus education & general SF growth rate to 0.5% per year by carefully utilizing existing space and establishing clear priorities for new space.
   - ~$75M / yr funded primarily by donors (limited state or debt)

4. Leverage partnerships to pursue strategic goals and opportunities - Plan to commit UW funds well below estimated demand
   - $180M / yr - ~$50M / yr funded by debt, donors, & equity
Inflection Point: Deferred Maintenance Strategies

- **$1.7B** backlog (2018) for Seattle E&G facilities

- **$5.4B** projected backlog if capital spending pattern continues

- 1. Increasing capital spend on renewal/replacement to 1.44% of CRV maintains backlog
- 2. Limiting growth decreases backlog
- 3. Fully funding O&M+R with operating funds for new buildings
- 4. Reallocating existing UWF funds for PM

manageable risk ~$80psf escalating with inflation
Long-Term Capital Outlay: Demands

Long term strategy assumes increases in clinical investments and renewal with a corresponding reduction in capital spending on growth projects.

Note: Planned capital budget allocation based upon FY20 capital budget.
Long-Term Capital Outlay: Fund Sources

Long term strategy assumes modest increase in debt, significant reduction in academic equity, stable state funding, continuing success in fundraising.

Historic Capital Allocation
Total: $3.3 billion
Average: $470 million

Planned Capital Allocation
Total: $3.3 billion
Average: $530 million

15-Year Long-Term Capital Plan Targets
Total: $4.7 billion
Average: $525 million

Note: Planned capital budget allocation based upon FY20 capital plan.