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Office of the President

TO MEMBERS OF THE COMMITTEE ON GROUNDS AND BUILDINGS:¹

DISCUSSION ITEM

For Meeting of July 21, 2015

PRELIMINARY PLANS FUNDING, MISSION BAY EAST CAMPUS PHASE 1 (BLOCK 33) BUILDING, SAN FRANCISCO CAMPUS

EXECUTIVE SUMMARY

The San Francisco campus proposes to construct a 340,000-gross-square-foot (gsf) building on UC San Francisco (UCSF) Mission Bay East Campus Block 33 site. This building would provide academic (including desktop research, dry core, and computational laboratories) and administrative office space, clinical space, and other necessary support spaces for various campus dry research, clinic, and administrative units. These units and functions are currently distributed at multiple UCSF sites including the Parnassus Heights campus, the Laurel Heights site, the Mission Bay campus, the Mission Center Building, and leased spaces.

The building site is located on the northern portion of the vacant 3.8-acre parcel referred to as the UCSF Mission Bay East Campus, which contains both Blocks 33 and 34. The site is directly across from the UCSF Medical Center at Mission Bay, and adjacent to the North Campus. (See Attachment 4, Figures 2 and 3.) The East Campus is projected to accommodate 500,000 gsf of development in two buildings and 500 structured parking spaces. There are no immediate plans for development of additional program space on Block 34 or the structured parking on the East Campus. Parking for the proposed Block 33 project can be accommodated in surface parking on the East Campus, as well as in other parking facilities (i.e., garages and surface lots) on UCSF Mission Bay sites.

The preliminary estimate for this project, which would include the cost of building construction, site improvements, infrastructure, and financing, is \$237.1 million to be funded from campus funds, external financing, medical center funds, and gift funds.

The campus expects to request approval of preliminary plans funding in the amount of \$11 million from campus funds at the September 2015 meeting. The proposed preliminary plans funding would allow the campus to engage an executive architect and construction professional to explore structural design alternatives, develop a cost-effective development plan, and advance the proposed project through schematic design. Approval of full budget and the associated

¹ Of interest to the Committee on Health Services

external financing as well as design and California Environmental Quality Act approval will be requested at a future meeting.

BACKGROUND

Context

UCSF is seeking to advance three key strategies in its near-term development of four projects at Mission Bay, and the proposed Block 33 project is a critical component in advancing these three strategies, which are as follows:

1. Clinical strategy to grow its outpatient clinical and research programs in Cancer, Psychiatry, Ophthalmology and Primary/Secondary Care;
2. Inter-campus strategy to vacate buildings planned for renovation and/or disposition or demolition, as well as to leverage opportunities to advance discoveries with private sector partners; and
3. Support implementation of the Parnassus Heights seismic program by relocating Ophthalmology services and Psychiatry programs to Mission Bay and out of buildings slated for seismic renovation or demolition to enable compliance with UC Seismic Policy and State seismic regulations for acute care facilities.

After completion of the proposed project, programmatic adjacencies would be maintained and strengthened by co-location. The program realignments are shown in Table 1 below and the geographic relationships are shown in the figures in Attachment 4.

Table 1: Program Relocations

PROGRAMS	FROM	TO: Dry & Clinic Building	TO: Wet & Dry Bldg.
Ophthalmology & Proctor	Parnassus Heights	Block 33, East Campus	Block 23A, North Campus
Academic and Admin Units	Laurel Heights and Lease Spaces	Block 33, East Campus	None
Strategic Science Initiatives *	Mission Hall, Mission Bay and New	Block 33, East Campus	North Campus

**Such as Institute for Computational Health Sciences, Centers of Excellence in Regulatory Science and Innovation (CERSI)/Drug Development Efficacy Research, Genomic Medicine Initiative Core, and Bio-banking Core.*

PROJECT DRIVERS

Program Alignments and Growth

Two buildings at the Parnassus Heights campus, UC Hall and the Proctor Building, must be vacated in order to seismically retrofit UC Hall to comply with UC Seismic Policy. Ophthalmology clinics, desktop research, and offices from these buildings will be housed at the proposed project. At the new Mission Bay campus, efficiencies can be maximized by consolidating the programs in one building. The programs will comprise a new Center for Vision Neuroscience which will house clinics, Ophthalmology services, clinical and dry laboratory research, administrative, and teaching space. The relocations would allow for growth in vision programs, and would enable the expansion of adult ambulatory services at Parnassus in space made available by the relocations from there.

Decant of Laurel Heights Building

In July 2014, the Regents approved the ground lease of the Laurel Heights campus to a private developer. The Laurel Heights campus is isolated from other UCSF locations and there was a greater benefit to the University to relocate programs there to modern space at Mission Bay in lieu of continuing to face operational costs and challenges at Laurel Heights. The campus continues to occupy Laurel Heights under a lease-back agreement that allows programs to remain while new space is developed. The campus must be vacated in order to implement UCSF's strategic plan to consolidate campus sites and to eliminate the expense of lease payments for the space.

New Strategic Science Initiatives

New initiatives require space adjacent to other UCSF research, as well as the UCSF Medical Center at Mission Bay. These new science initiatives (e.g. Institute for Computational Health Sciences, Drug Development Efficacy Research, Genomic Medicine Initiative Core, and Bio-banking Core) maintain UCSF's leadership at the forefront of new scientific discovery and translation of these discoveries to patient treatment. In particular, UCSF has launched a new initiative in Precision Medicine. This new building will provide a home these programs.

Lease Consolidation

Lease consolidation is a key component of UCSF's strategic goals. This building would allow UCSF to relocate the University Development and Alumni Relations unit (more than 172 existing employees) to UCSF-owned space from expensive downtown San Francisco space. The occupancy of the Block 33 building would create very little release space for other UCSF uses because most of the people and programs being relocated are in buildings that must be vacated for seismic retrofit/renovation (UC Hall), or in buildings that are transferring ownership or use (Proctor Building and Laurel Heights). In other instances the programs are in in leased space that will be terminated (220 Montgomery), or are part of new programs/growth requiring new space. The exception is space released by Ophthalmology in the Ambulatory Care Center

(ACC building) at the Parnassus Heights campus. As noted above, this space will be backfilled by UCSF Medical Center ambulatory services. There would also be a small amount of lab space (less than 2,000 assignable square feet) released in the Medical Sciences Building by the Proctor Vision program. This is loaned space that will be returned to the School of Medicine.

PROJECT DESCRIPTION

The proposed project would include the construction of a 340,000 gsf building on Block 33 of the UCSF Mission Bay East Campus (Attachment 4, Figures 2 and 3), as well as site improvements, such as landscaping. The following tables summarize the anticipated size and program for the building:

Table 2: Functional Square Footage

PROGRAM	GSF
Desktop Research, Campus, and Academic Administration	292,000
Clinic, Clinical Support, Procedural, Microsurgery, etc.	48,000
Instructional Space, Retail, Logistical Support	Included above
TOTAL	340,000

Table 3: Proposed Building Program and Justification

PROGRAM	CURRENT LOCATION	~ PROPOSED AREA (GSF)	REASON FOR SPACE NEEDS
Laurel Heights Dry Research, Academic and Campus Admin	Laurel Heights Campus	152,000	Vacate Laurel Heights building and site for lease to developer.
Ophthalmology Clinics and Academic and Admin Offices	Parnassus Heights Campus	98,000	Vacate UC Hall for planned seismic upgrades. Upgrade vacated ACC space for adult services. Vacate Proctor Building per LRDP (to demolish or convert to housing).
Mission Hall temporary occupants	Mission Hall at Mission Bay North Campus	18,000	Vacate Mission Hall temporary occupants to accommodate planned clinical cancer faculty program.
Strategic Science Initiatives	New, Genentech Hall, Mission Center Building	12,000	New program and consolidation.
Office of University Development and Alumni Relations	220 Montgomery St.	32,000	Vacate leased space.
Retail	-	3,000	New Services.
TOTAL		315,000	
REQUESTED GROWTH		25,000 +	Remaining space to be allocated to requested growth based on prioritization process.

Approval Request and Schedule

Preliminary plans funding of \$11 million, to be requested in September from funds available to the Chancellor (Chancellor's Core Funds Plan), would enable UCSF to refine and confirm the scope of the project, and develop a budget and design for future Regents' approval. The funding would support completion of programming and design through design development documents together with development of California Environmental Quality Act (CEQA) documentation and cost analysis. The campus intends to submit the project for full budget, financing, and design approval in 2016. Following budget, financing, and design approval, it is estimated that construction would be completed by late 2018, with move-in by early 2019.

The proposed clinical use would require a "secondary use finding" by the City and County of San Francisco Office of Community Investment and Infrastructure (OCII). The finding must indicate that the project would, at the size and intensity contemplated and at the proposed location, provide a development that is necessary or desirable for, and compatible with, the neighborhood or the community. The City has responded favorably thus far to the UCSF proposed clinical use on this site. The Secondary Use Finding will be issued by the City OCII before Regents' approval of CEQA and design.

Key to Acronyms

ACC	Ambulatory Care Center
CEQA	California Environmental Quality Act
CERSI	Centers of Excellence in Regulatory Science and Innovation
GSF	Gross Square Feet
LRDP	Long Range Development Plan
OCII	City and County of San Francisco Office of Community Investment and Infrastructure

ATTACHMENTS:

Attachment 1: Preliminary Plans Budget

Attachment 2: Alternatives Analysis

Attachment 3: Delivery Model

Attachment 4: Project Location (Figure 1)

UCSF LRDP Mission Bay Campus Functional Zones (Figure 2)

Mission Bay East Campus Phase 1 Building, Block 33, North Building (Figure 3)

PRELIMINARY PLANS BUDGET

Category	Amount
Fees ⁽²⁾	\$2,850,000
Campus Administration ⁽³⁾	\$3,300,000
Surveys, Tests, Plans, and Specifications ⁽⁴⁾	\$350,000
Special Items ⁽⁵⁾	\$4,500,000
Total Preliminary Plans Budget	\$11,000,000

The preliminary plans budget will include the following activities. A Master Architect team with engineering consultants will be engaged to deliver programming, design and technical criteria documents that will form the basis for the definition of the Request for Proposal for the design builder. Capital Programs will produce the pre-qualification and qualification documents to enable the design-build selection process. Other activities such as CEQA, community outreach, internal review and coordination will occur during this period. The co-location space for the design-build team, referred to as the “Big Room” will be arranged during this phase for the team to work in an integrated process as planning and design continue with close engagement with leadership, internal resources, and the users. The temporary co-location space will be created through a separate campus project with an independent project budget, and CEQA review process. The temporary space is intended to be utilized for the development of other UCSF projects at Mission Bay.

² Architect and Technical Team, Design Development to Regents, Design, Construction Management Consultants, Plan Review, and Team Mobilization

³ Campus Project Management and Contract Administration

⁴ Includes Hazardous Materials Survey and Testing

⁵ Legal and CEQA Consultants, Community Presentations, CEQA Approval, and Campus Planning Fees

ALTERNATIVES ANALYSIS

Three options were analyzed in detail in the Business Case Analysis. The three options all utilize UCSF sites at Mission Bay. Early analysis examined the feasibility of acquiring a nearby site or leasing space; however, these approaches were determined to be infeasible. Furthermore, there is no existing UCSF space that could accommodate the need.

As described earlier in this document, the building program is driven by the need to accommodate programs that must vacate buildings for retrofit, consolidation of programs and campus sites (including lease consolidation), and provision of space for new strategic science initiatives (e.g., Drug Development Efficacy Research program growth, the new Institute for Computational Health Sciences, the new Bio-banking core, etc.). UCSF evaluated the capacity of sites, programmatic relationships, development and operational costs, consistency with UCSF plans, and community issues. This effort was critical to identifying a preferred option that addresses UCSF's strategic, program, and financial objectives.

The three options analyzed included:

- A. Proposed Project: Construct a new building on the Mission Bay East Campus Block 33 site (\$237.1 million)
- B. Construct a new building on the Mission Bay North Campus Block 25B site (\$241 million)
- C. Construct a new building on the Mission Bay North Campus Block 23A site (\$241 million)

Option A – Block 33 (Proposed Project)
(\$237.1 million)

This option calls for construction of a new 340,000 gsf building on the Mission Bay East Campus Block 33 site.

UCSF acquired the Mission Bay Blocks 33 and 34 site in 2014 with the intent that it would serve as a consolidation location for both owned and leased properties to reduce operating and occupancy costs, improve efficiency and collaboration, and provide programmatic flexibility among its campus sites. This vacant site is the primary candidate for the proposed new building and currently ready for construction start.

UCSF has performed a preliminary site analysis and feasibility study for this building site (Figure 3, Attachment 4). The new 340,000-gsf building with a 90-foot tall building and 160-foot tower located on Block 33 complies with LRDP building size, height, and other constraints. The Block 33 site is sufficiently large to allow an onsite patient drop off area and onsite surface parking (on the East Campus site) as necessary for the intended clinic use.

Block 33 and the adjoining Block 34 site are currently vacant and ready for construction. Through use of both lots this site has significant area for construction trailers, staging, and contractor's parking use, minimizing impact to the normal UCSF operations and the surrounding community. There are no immediate plans for development of additional program space on Block 34 or the structured parking on the East Campus site. Parking for the proposed Block 33 project can be accommodated in surface parking on the East Campus site (Block 34), as well as by other parking facilities (i.e., garages and surface lots) on UCSF Mission Bay sites.

Option B – Block 25B
(\$241 million)

This option calls for construction of a new 340,000 gsf building on the Block 25B site at the Mission Bay North Campus. Depending on the floor-to-floor height, this site could accommodate the program.

The site area is much smaller than Block 33, which would present a significant problem for onsite patient drop off to support the proposed clinic use. Parking would be available on the Mission Bay North Campus site.

Block 25B is currently a parking lot with 100 parking stalls. Locating the new building on Block 25B would displace this parking function. The campus would need to provide replacement parking spaces elsewhere on campus to mitigate the impact. This would result in additional costs.

Option C – Block 23A
(\$241 million)

This option calls for construction of a new 340,000 gsf building on the Block 23A site at the Mission Bay North Campus.

Locating the proposed dry lab and clinical building on the North Campus would occupy a building site reserved for the development of future wet lab projects, which would in turn limit flexibility for UCSF's long-term programmatic options.

UCSF currently has a wet lab research building with vivarium facilities planned for Block 23A. By locating the wet lab facility on Block 23A, UCSF can fully utilize the existing wet lab site utility capacities without adding significant additional site utility costs to the wet lab building project.

The Block 23A site study established a maximum building volume of 314,000 gsf, which is too small for the dry research total building program of 340,000 gsf, which includes accommodations for planned growth. This site is across the street from the Koret Quad located at the center of the North Campus. The proposed clinic use requires onsite patient drop off which would introduce more traffic to the research campus and negatively impact the research campus life.

Conclusion

After comparing the three alternative sites, the following facts emerge:

1. The Block 33 site was acquired by UCSF for the specific purpose of remote site consolidation and staff relocation from the Laurel Heights campus, Parnassus Heights campus, Mission Center Building, and leased spaces.
2. Block 33 is the only site that allows a 340,000 gsf building development without exceeding the maximum building volume.
3. Block 33 is the only site that allows adequate onsite patient drop off and onsite parking, which are necessary for the proposed clinical use.
4. Block 33 is the only site that preserves available Mission Bay North Campus development capacities, which provide flexibility for UCSF's long-term programmatic options due to the available wet lab site utility capacities onsite.
5. Construction of the new building on the Block 33 site is the lowest cost option by ~\$3.9 million.

Based on these facts, UCSF concludes that the best option to addresses UCSF's strategic, program, and financial objectives is to construct the new building on the Block 33 site (Option A).

DELIVERY MODEL

UCSF intends to deliver the Mission Bay Block 33 project using a Collaborative Design-Build project delivery model. This approach combines the benefits of traditional design-build while providing a design phase that integrates UCSF stakeholders better and uses proven lean design and construction processes to maximize the value delivered to the University.

The investment premise of the Collaborative Design-Build approach is to invest in a more intense Design Development phase of the project compared to traditional delivery. This additional investment in design, engineering, and construction management will allow the project team and UCSF to explore additional design options using target value design strategies, conduct production test run studies to improve construction productivity, and maximize systems performance within available construction funding. These efforts will also allow the project team to deliver the project more quickly, saving escalation cost in a vibrant San Francisco construction market.

Collaborative development of productivity improvement strategies will help improve the competitiveness of the project to attract trade contractors and skilled construction labor in comparison to other projects in a hot construction market. UCSF is exploring other ways of increasing the competitiveness of the project as well – including accelerating payment of approved pay applications. UCSF believes that the result of these measures will accelerate construction by roughly one year over what would otherwise be possible in the current San Francisco market, a market seeing widespread skilled labor shortages.

Successful design-build participants will pass through a two phase prequalification process resulting in three prequalified design-build teams. These three teams will participate in a design-build competition to deliver the best value to the University based on a performance-based Request for Proposal (RFP) process. Included in the RFP will be project-specific Technical Performance Criteria, Design Guidelines, and Programming Guidelines that reference UCSF standards for project delivery. Design-build teams will be required to commit to the University's target cost for the project and will submit partial designs along with a best value questionnaire. The successful design-build team will complete the design with UCSF stakeholders, post award, using Lean Target Value Design methodologies to achieve the University's stated program, quality, target cost, and schedule.

UCSF continues to experience success delivering capital programs on time and on budget using design-build and lean delivery methods as demonstrated on UCSF's most recent projects in Mission Bay.

Alternate delivery models were considered, including Public-Private Partnerships, Construction Manager at Risk, and Design-Bid-Build, and all were found to present unacceptable outcomes in view of the specific project needs.

Figure 1: Project Location



Figure 2: UCSF 2014 LRDP Mission Bay Campus Functional Zones



Figure 3: Mission Bay East Bay Phase 1 Building, Block 33 North Building

Total Buildable Space on Blocks 33-34: 500,000 gsf plus parking.

