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Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

DISCUSSION ITEM

For Meeting of January 24, 2018

AMENDMENT OF THE BUDGET, JOAN AND SANFORD I. WEILL NEUROSCIENCES BUILDING, SAN FRANCISCO CAMPUS

EXECUTIVE SUMMARY

The Joan and Sanford I. Weill Neurosciences Building at UC San Francisco's Mission Bay campus will be the primary home for the new UCSF Weill Institute for Neurosciences. The facility will include bench laboratory research programs in neurology, psychiatry, and other neurosciences, as well as desktop research, clinical service, and clinical research space. The facility will also incorporate a vivarium and other necessary support spaces for various campus research units currently distributed at multiple UCSF sites.

In May 2017, the project budget of $357.6 million was approved by the Regents. Approximately 49 percent of the approved budget ($175 million) is to be provided through gifts, the majority of which ($150 million) is already pledged to the project. The Regents' May 2017 action also included external financing, project scope, and design following action pursuant to the California Environmental Quality Act (CEQA). Since these approvals were obtained, additional costs have been identified that cannot be absorbed within the approved budget.

Cost drivers include refinements to interior and exterior finishes to align the project with donor expectations. As the design has progressed, conversations with the donors have provided greater clarity as to their vision for the project, and the additional investment needed to fulfill that vision. Additional drivers include necessary adjustments to account for an extremely complex program and building, as well as greater-than-anticipated construction market fluctuations that have been affected by the costs of labor. Overall, the scope of the project remains consistent with what was previously approved and the conclusions of Addendum #4 to the Long Range Development Plan Environmental Impact Report prepared for the project pursuant to CEQA remain the same.

The amount of the budget increase is still being refined; however, it currently is estimated to be approximately 25 percent of the total approved budget. The campus continues to work to reduce the estimated augmentation amount while still achieving the project goals. Construction is currently anticipated to be delayed by three months and be complete in May 2020.

The campus anticipates seeking approval by the Regents of a budget amendment at the March 2018 meeting.

BACKGROUND

The proposed Joan and Sanford I. Weill Neurosciences Building (Weill Neurosciences Building) project will enhance and complement existing neuroscience research and clinical activities at the San Francisco Mission Bay campus site. The research done in nearby facilities, such as the Sandler Neurosciences Center, makes Mission Bay one of the largest neuroscience complexes in the world. However, additional space for neuroscience research is needed to expand research programs and capture advances in the field. In addition, the project will provide space for the growth of multiple neurology clinics, currently located at the Mount Zion campus site and 1500 Owens Street, which cannot accommodate current and projected demands for clinical services and research.

The details of the building design have been refined; however, the exterior design and relative size of the building remain consistent with the May 2017 approvals, with the size of the building increasing slightly from 274,000 to 281,800 gross square feet. Also, the primary program functions of the project remain unchanged, with the total amount of assignable square feet (asf) in the building remaining generally consistent with the project scope that was approved in May 2017, as shown in Table 1 below. There has been some redistribution of space among the functions, as the result of refinement of program requirements and design.

Table 1
Program Space

Function	**May 2017 ASF**	**Current ASF**	**Change**
Wet Laboratory	50,000	48,500	(1,500)
Office/Dry Laboratory	65,000	68,800	3,800
Clinical/Imaging/Infusion	53,000	49,800	(3,200)
Clinical Research	11,000	8,800	(2,200)
Vivarium	16,000	21,300	5,300
Building Support	13,000	14,700	1,700
Total	**208,000**	**211,900**	**3,900**

ADDITIONAL COSTS

The additional costs identified since the approval of the budget are related to a) alignment of donor vision/expectations with a higher grade of interior and exterior finishes than originally anticipated; b) refinements in design that are necessary to support the complex, multi-purpose building; and c) unanticipated construction market fluctuations that have been affected by the costs of labor. The drivers for the additional costs are described below.

Alignment with Donor Vision/Expectations

The project was originally specified to match the quality and types of interior and exterior finishes that are used in other buildings on the Mission Bay campus. Subsequent to Regental

approval of the project in May 2017, it became clear during a series of meetings with the project's primary donor that there was a disparity between UCSF's intended approach and the donor's vision/expectations for the interior and exterior finishes of the project.

Specifically, the donors view the project as establishing a destination building that will serve as a recruitment tool to attract the best and brightest neuroscientists from around the world, and provide patients access to superior clinical services and treatments. The campus agrees that adopting this vision is important to the future of UCSF Neurosciences as a global leader. However, the design modifications needed to achieve these goals requires a greater investment than originally anticipated.

Complexity of Program Elements

The project includes an unusually complex program that comprises clinical, vivarium, wet laboratory research, and dry desktop research in one building. Individually, each space type has specific technical challenges; when combined in a single building, the challenges are multiplied. Although the campus has significant experience in the delivery of laboratory buildings, the Weill Neurosciences Building encompasses a level of complexity that surpasses previous efforts.

The significant refinement and adjustment that have occurred since the May 2017 presentation include:

- Coordination of Requirements of Space Types – There are multiple regulatory requirements that must be coordinated with the programmatic requirements of creating a flexible, state-of-the-art, and comfortable facility for all the user groups. The building must comply with building codes and licensing regulations for such spaces as the compounding pharmacy, clinics, vivarium, and wet research laboratory spaces. Ensuring compliance between the various requirements within the building is also problematic. For example, to prevent cross-contamination, different types of spaces have separate mechanical, electrical, and plumbing systems. The shared building services, such as the loading dock, require careful coordination to separately serve the different uses in the building. This has necessitated substantially more effort to resolve conflicting requirements than previously estimated, affecting both the budget and schedule.

- Enhancement to Patient Experience – Additional program validation meetings with user groups resulted in program refinements to enhance the patient experience. Refinements, such as telehealth, allow for a seamless, integrated visit and provide the highest level of patient care to a fragile and often mobility-impaired population.

- Changes to Vivarium Space – The vivarium spans three floors, with the primary vivarium located on level six and additional space located on levels four and five. Originally, the area on levels four and five was designed as temporary animal holding space; however, the design has evolved into full vivarium space to better support the needs of the adjoining research. To accommodate this change in design, further refinements to the vertical vivarium concept resulted in an increase in asf (redistributed from wet laboratory

space) to provide in- and out-holding rooms on the research floors. This close proximity to the wet research testing rooms and animal holding rooms allows for more accurate testing. This change also provides an increase in the overall cage capacity. The design of the vivarium spaces was also refined to increase its ability to accommodate multiple types of experiments. Approximately 5,300 asf of space is being redirected to meet the needs of the vivarium and is costlier to build than the other programmatic spaces.

- Flexibility in Clinical and Wet Research Laboratory Space – The clinical and wet research laboratory spaces were always planned to be flexible spaces that could easily accommodate changing programs in the future. However, the degree of flexibility that is required to allow for easy adaptation to varying equipment and types of research, and its impacts on the budget, are better understood at this time. This built-in flexibility will result in cost savings in the future, as the facility will be able to adapt to the changing requirements of scientific and clinical innovation. The enhanced flexibility will also aid in recruitment, allowing for multiple types of neuroscience research that would otherwise be impossible without significant renovation.

Current Construction Market

- Higher-than-Anticipated Escalation – The active San Francisco construction market is experiencing construction cost increases that are outstripping typical escalation. The estimate of escalation included in the approved budget is lower than actual rates in the current market. The project is one of several UCSF projects and many non-UCSF projects that are affected by the current market.

- High Demand for Labor – The technical complexities of the project's spaces require very specific construction professionals that are in high demand in this market. For example, for each Request for Proposal issued for the project, an average of one to two qualified firms are bidding on the project; a competitive bidding climate typically would allow for at least four firms from which to choose. The labor shortage also has made it difficult for the selected firms to staff the project at expected levels.

Project Status and Schedule

Preliminary site work has begun, along with testing of piles used in the foundation. The project was originally planned to complete construction in February 2020. Some work has been re-sequenced to mitigate delays related to the design refinements, and construction completion is now estimated three months later than originally planned, in May 2020.

KEY TO ACRONYMS

ASF	Assignable-Square-Feet
CEQA	California Environmental Quality Act
Weill Neurosciences Building	Joan and Sanford I. Weill Neurosciences Building