PUBLIC/PRIVATE PARTNERSHIPS

THE PUBLIC SECTOR PERSPECTIVE
&
COMPARISON CASE STUDY

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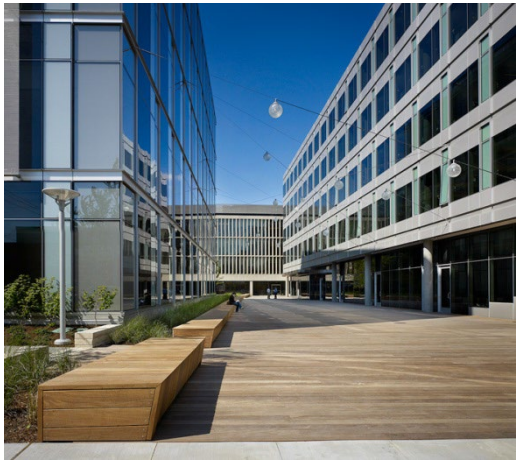
TYPICAL TYPES OF P3'S

- Infrastructure
- Housing
- Public facilities
- ….but, building types using P3s are expanding greatly.

TYPES OF P3'S



PUBLIC/PRIVATE PARTNERSHIPS

Contractual relationship between a public sector entity and a private sector company to accomplish a mutually beneficial goal.

VARIABLES FOR P3'S

- Finance
- Management of process
- Design
- Construction
- Operation
- Maintenance

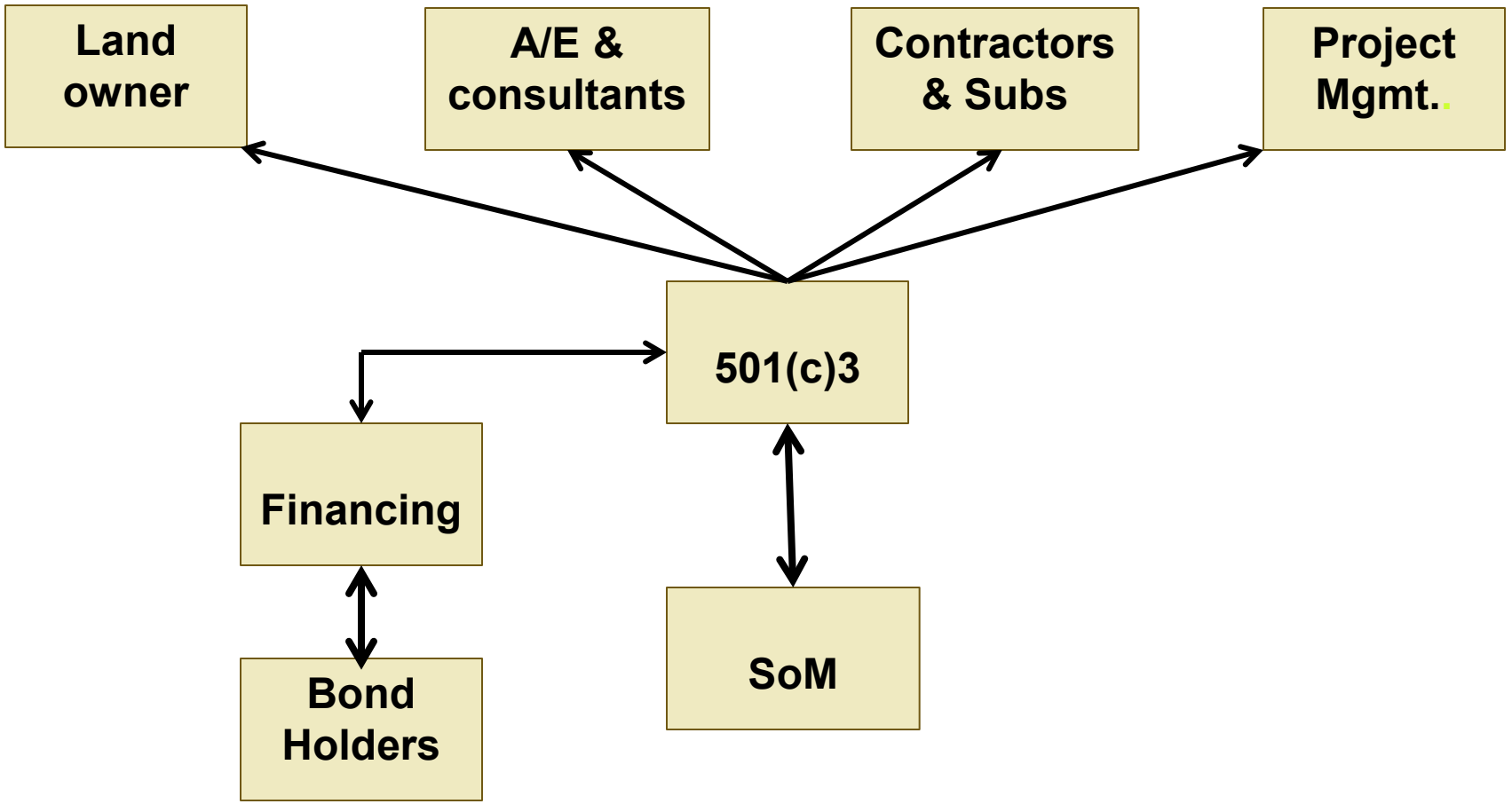
Characteristics of a Successful Partnership

- Knowledgeable partners
- Honest in their communication
- Creative, flexible problem solvers
- Ability to execute the deal
- Public sector partner must be willing to step outside conventional processes
- Private sector partner must be tolerant of approval process of public partner

It can be difficult working with Public Sector

- Taxpayer dollars & the public trust
- Consensus based decision making which makes for longer timelines
- Layers of approvals
- Must have clear benefit
- Your mission is not necessarily ours
- There may be legal disincentives

SOM SLU ORGANIZATIONAL STRUCTURE



P3 PERCEPTIONS

Timeliness

perception: projects take less time

Quality & Control

perception: projects are lower quality

Cost

perception: projects cost less

…but, what is true?

COMPARISON CASE STUDY

SLU 3.1
&
MOLECULAR SCIENCE & ENGR. BLDG.

UW SOM SOUTH LAKE UNION

UW School of Medicine

MOLECULAR SCIENCES

UW School of Medicine

DIFFICULTIES IN COMPARING

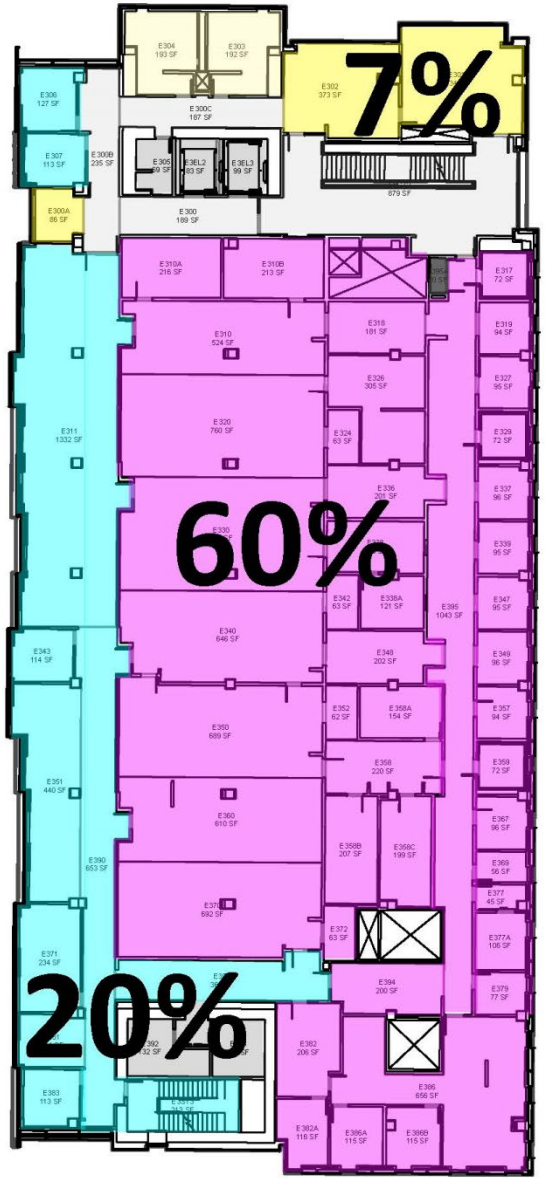
- No two buildings are the same—ever
  - Different site conditions
  - Size/type/vision make a difference
- Some big items you keep in because of the difficulty in identifying the cost
- Some small items you delete because it is easy to do so.
- Always open to criticism
- Goal: Tried to be fair

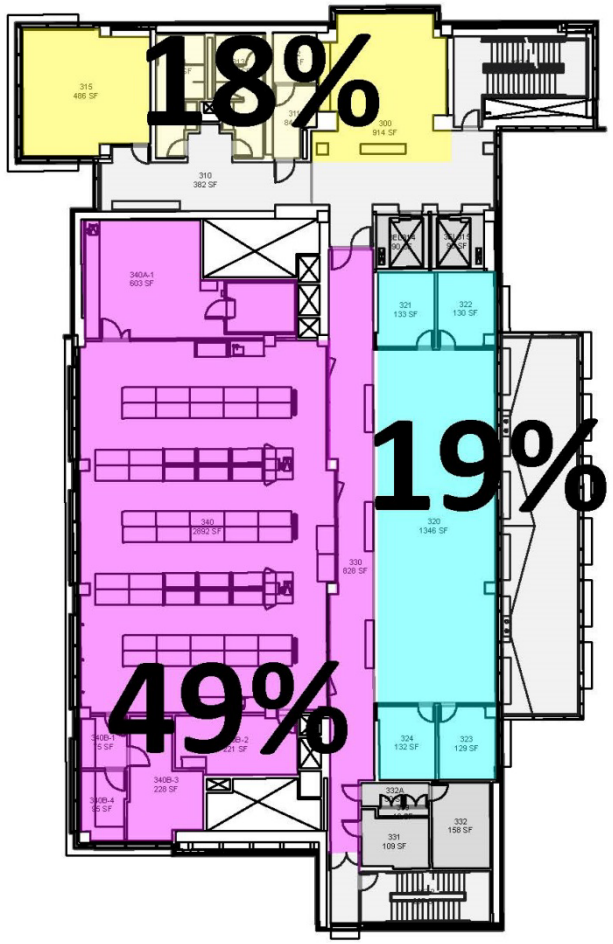
SIMILARITIES

SLU 3.1 (P3) & MoIES (GC/CM)

- Scientists like working in both buildings
- Wet bench science
- Urban sites
- LEED Gold
- Layout of typical floor
- Seattle permitting/review processes
- Tax deferral on equipment & research
- Second phase not constructed but needing support work in first phase
- Contingencies, furniture, equipment in “soft costs” are considered all spent

FLOOR PLATES





DIFFERENCES

SLU 3.1 (P3)

- 330,000 GSF (7 flrs+)
- 188,000 ASF
- BSL-3/SA, 2 interstitial spaces, 4 bay loading dock; pad built for 3.1 + 3.2
- $116.7M TPC (adj.)
- $ 99.1M TCC (adj.)

MolES (GC/CM)

- 90,000 GSF (4 flrs)
- 46,414 ASF
- minimal vibration and electromagnetic interference; radiant floors; bldg. expandable for Phase 2.
- $72.6M TPC (adj.)
- $58.6M TCC (adj.)

SLU 3.1

Ben Benschnieder/Perkins+Will

MolES

Ben Benschnieder/ZGF

TIMELINESS

SLU 3.1 (P3)

- Modified IPD
- Ground breaking: July 2011
- Opened: April 2013
- Construction time: **21 months**
- Impacts: fire June 16, 2012. All space built out; all space fully occupied 8 weeks after opening.

MoIES (GC/CM)

- GC/CM, subs as advisors
- Ground breaking: October 2009
- Opened: September 2012
- Construction time: **35 months**
- Impacts: fit out designed during construction; not fully occupied at time of opening.

SLU 3.1 was delivered in 11 months less time.

ARCHITECTURAL QUALITY

SLU 3.1

- UW EHS & UW IT are responsible for SLU 3.1
- Did not have to abide by UW standards for construction
- SoM has long term investment strategy

MolES

- UW EHS & UW IT are responsible for MolES
- Had to abide by UW standards for construction
- “100 year building”

“There is no observable difference in quality between the two buildings.”

Ron Maus, consultant, interview 26 September 2013

MEP QUALITY

SLU 3.1	MoIES
• Built to mixed standards • Major pieces of equipment are of UW quality • Distribution systems standards are “relaxed”	• Built to UW standards • Major pieces of equipment are of UW quality • Distribution systems to UW Standards, a higher standard

“SLU was not built to UW standards, but UW standards are established to reduce long term maintenance. There will not be an adverse impact on science at SLU 3.1 due to these differences.”

Dean Erickson, MEP engr. For both, interview 30 September 2013

COSTS

~ $459 TCC/GSF: SLU 3.1 (20% cheaper)
~ $574 TCC/GSF: MolES (adj for size)

Issues that affected the costs:

- SLU's soft costs were 4% less than MolES
- SLU's complexity of services is greater but unmeasurable
- Financing costs

Using a variety of metrics (ASF/GSF & TPC/TCC), SLU cost less even when financing costs are included by 10-20%.

SUMMARY: CASE STUDY

Time

- perception: P3's take less time
- reality: **True: SLU 3.1 took less time, even if the durations were the same due to size of the project**.

Quality

- perception: P3's are of a lower quality
- reality: **False: though they differ in approach**.

Cost

- perception: P3's cost less
- reality: **True: by 10% to 20%, even when adjusting for financing & economies of scale**

Comparison Worksheet: SLU 3.1 and MolES: 7 October 2013

Jill Morelli

Between 2009 to 2013, the Schoolof Medicine and the College of Engineering both built a wet bench laboratory building using different project delivery methods. SoM 3.1 was constructed using a 501(c)3; the CoE building was constructed using the GC/CM process through UW's CPO.

PROJECT COSTS: WITHOUT FINANCING & MUP COSTS

Project Name	Adj. Project Cost (TPC)	Total Construction Cost (TCC)	% of Const. cost to TPC	GSF	ASF	TPC/GSF	TPC/ASF	TCC/GSF	TCC/ASF	Typ. floor efficiency	Typ. Bldg. efficiency
SLU 3.1	$109,595,788	$92,032,232	84%	216,109	128,891	$507.13	$850.30	$425.86	$714.03	87%	60%
MolE building	$72,600,000	$58,600,000	81%	90,374	47,060	$803.33	$1,542.71	$648.42	$1,245.22	76%	51%
SLU is cheaper than MolES by....						37%	45%	34%	43%		
when modified for smaller scale of MolES (1.13 reduction factor)											
SLU 3.1						$507.13	$850.30	$425.86	$714.03		
MolES						$710.91	$1,365.23	$573.82	$1,101.96		
SLU is cheaper than MolES by....						29%	38%	26%	35%		

PROJECT COSTS: INCLUDING FINANCING (and other costs associated with rent, broker fees etc)

Project Name	Adj. Project Cost (TPC w/F)	Total Construction Cost (TCC)	% of Const. cost to TPC	GSF	ASF	TPC/GSF	TPC/ASF	TCC/GSF	TCC/ASF
SLU 3.1	$131,513,206	$92,032,232	70%	216,109	128,891	$608.55	$1,020.34	$425.86	$714.03
MolE building	$72,600,000	$58,600,000	81%	90,374	47,060	$803.33	$1,542.71	$648.42	$1,245.22
SLU is cheaper than MolES by..						24%	34%	34%	43%
when modified for smaller scale of MolES									
SLU 3.1						$608.55	$1,020.34	$425.86	$714.03
MolES						$710.91	$1,365.23	$573.82	$1,101.96
SLU is cheaper than MolES by..						14%	25%	26%	35%

YMWV

Questions?

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