SPH Students, Faculty and Staff:

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**Project Target Program and Target Budget**

The Project Executive Committee has approved the project target program and target budget. What does that mean? For those of you looking for confirmation of the number of classrooms in the building or the size, type and quantity of office spaces, or even the nature of the coffee shop – you can skip this update because you won’t find any of that information here, nor has any of that been decided. Those decisions will happen as design work proceeds in detail over the next few months.

If you are still reading, the adoption of a target program and a target budget means that we have moved from a rough thumb-in-the-air approximation of what the building could be, to a more reasoned and vetted estimate of what can be built within the available budget, based on our priorities.

**Target Program**

In the context of the building project, “Program” refers to architectural elements, or what is going to be built. The overall Target Program remains essentially unchanged: a 300,000 sq. ft. building. All that has been added is some detail, as you can see in the table below.
In adding the detail, members of the design/build team have provided estimates of what it would cost to build out various building features and systems in roughly the manner that is being requested. What’s been estimated is the level of work or finish – in other words, will we need gold plated bathroom fixtures or will stainless steel do? The actual estimating work has been much more nuanced and interdependent. For example, if you’re going to try to put X number of people on each floor, your HVAC capacity will need to be of Y size to provide adequate temperature control and air circulation.

As a result, you end up with a range of options. These options have been narrowed a bit to a reasonable range and the various estimates have been rolled together into the Target Budget, while making sure that Target Budget is no more than the total amount of money we have to spend. Both the program and the budget are referred to as "targets" because they represent the parameters the designers will work toward and within. The design/build team does have modest incentives to beat these targets – essentially to find ways to squeeze more program (building features) into the building within the existing budget.

**Target Budget**

Developing the target budget involved both direct cost estimation and benchmarking. The benchmarking looked at comparable recent buildings to better understand actual construction costs (adjusted for inflation and new code requirements) for various types of approaches. One example is exterior building walls and facades. Aesthetics aside, you can either spend a lot of money to achieve high-energy efficiency or less money to achieve more moderate-energy efficiency. The more or less you block heat from entering the building, the more or less capacity you’re going to need in your HVAC system.
Having looked at various options, and weighed various site and building factors, the design/build team has recommended a target cost per square foot for the exterior walls. This same process has been repeated for all of the major building features/systems. Put them all together and you end up with the somewhat confusing, but also informative, graphic below.
The graphic shows two types of cost benchmarks: private Class A office buildings (blue band) and roughly comparable university buildings (yellow band). The university buildings often have unique needs or mixes of needs (e.g., labs or classrooms) and thus tend to have both higher costs per square foot and wider variation in costs. This is particularly visible in the Site costs. Commercial office buildings are often built right up to the sidewalk setback and thus spend nearly zero on broader site amenities. In contrast, the University spends money on each project to appropriately fit its buildings within the campus context. The purple line on the graphic shows where the target budget for each of the components of our building has been set.

The purple line is probably not terribly meaningful in isolation. I hope that seeing the line, and some examples of the process to get to the line, does help you understand where we are in the building process. We’re moving forward in specificity in terms of defining what features will be in the building, but we haven’t yet reached the point where that process is focused on recognizable things like common areas, stairs, offices, classrooms, etc.

Thank you,
Uli

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