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HOUSE BILL 173 - BY REPRESENTATIVE CATO BACKGROUND INFORMATION

\$8 million appropriated FY 85  
\$1 million in FY86 Governor's budget  
\$1,390,000 requested in HB 173

TOTAL \$10,390,000

\$511,000 has been put toward this project by the City of Cordova. This money was used for a. Site acquisition  
b. Site preparation  
Including excavation and purchase of rock for a landfill.

This represents the TOTAL GUARANTEED construction cost, This amount has been awarded in a guaranteed contract cost to WICK construction and contracting company.

The initial \$8 million estimated cost was submitted by a company who visited Cordova for one day. This cost was only an estimated cost and not an actual price quotation, therefore estimated costs were short of the actual costs.

To date the project has been divided into three phases.  
Phase I - Completed.

A written contract has been awarded to WICK construction. To date wick has met with architects, structural engineers, mechanical engineers, etc to work out plans that would:

1. Meet the requirements of the certificate of need
2. Meet the plan for space and function as laid down by the guidelines for hospitals in 1983.
3. Be cost-effective, structurally sound etc.

After almost 6 months of meetings and planning work, plans were completed. These plans have been approved by the Hospital Advisory Board and the City Council and do not exceed the certificate of need or the space and function plans.

Phase II - Underway at the present time.

All plans from phase I are currently being written down in contract form. Formal contracts for each work specification are currently being written and should be completed ready to request bids by the end of March.

Cordova City Council and Wick Construction hope to review all proposals submitted and make recommendations and award bids by late April.

Time is of the essence as this is a guaranteed cost contract. In order to receive the prices used in the guaranteed contract agreement this construction needs to be completed as soon as possible.



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Phone: (907) 424-3237  
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FEB 26 1985

"The Friendly City"

Leonard V. Pingatore  
Mayor

Richard J. Leland  
City Manager

Donna M. Sherby  
City Clerk

Council Members

Joe Gunderson  
Phyllis Day  
Oliver Osborn  
Lew L. Cochran  
R. L. Van Brocklin  
John Wheeler

February 20, 1985

Representative Bette Cato  
Pouch V  
Juneau, AK 99811

Dear Representative Cato:

Enclosed is a detailed breakdown of all costs developed to arrive at the guaranteed maximum price for the Cordova Community Hospital. The total project cost of \$10,390,000 requires additional funding to supplement the \$8,000,000 provided in the state's fiscal 85 budget. By way of background, I would offer the following explanation as to how the final price was arrived at.

In 1983 following receipt of numerous citations for inefficient and substandard medical facilities, a Certificate of Need and a Program of Space and Function were approved for an acute and long-term health care facility in Cordova. Preliminary estimates based on the Certificate of Need ranged to nearly \$15,000,000. During the ensuing year, the matter was debated at length. Finally an organization by the name of HBE were requested by the State to help provide an estimate. Representatives of HBE were in and out of Cordova less than 24 hours and gave the then Commissioner of Health and Social Services an estimate of \$8,000,000 to provide a facility in Cordova.

As you know, in Fiscal 85, budget contained an \$8,000,000 allocation for the Cordova Community Hospital. The City then took action to enter into a construction management agreement with WICK Construction Company. This agreement was reached after receiving over 40 responses to our RFP and a detailed review of 12 complete proposals. Representatives of ADH&SS and DOT/PF also participated in the development of the RFP and the final selection process. WICK Construction was chosen by the local Hospital Advisory Board and approved by the City Council based on their Alaskan hospital experience and other professional history.

The relationship between the City of Cordova and WICK Construction Company as the construction manager is somewhat new to Alaskan construction. Our contract requires WICK to be the construction manager only. That is to say that WICK Construction will not pound nails nor pour concrete. Their's is a supervisory role to which they are directly responsible to the City. Our contract is organized in three phases. Phase I begins with preliminary site and floor plans through their providing us a guaranteed maximum cost prior to our proceeding with Phase II or final design work. This unique approach has allowed us to know earlier in the process than any other method of construction and the project costs. We have necessarily had to detail every element of the construction. We have not had the luxury of estimating things on a broad square foot or per yard basis. This entire health care facility has been put together on paper piece by piece to arrive at the guaranteed maximum cost. The guaranteed maximum cost is just that, guaranteed. Any amount of construction costs that run over the guaranteed maximum cost is absorbed by WICK Construction. It is really all rather simple. Rather than the normal cost estimating process whereby round numbers develop hopefully sufficient to cover the costs, this number is guaranteed. We have gone so far as to advise representatives of H&SS that the State will, in fact, receive change back from the project when completed in 1986. Therefore, attachment #1 shows the source of the \$10,200,000 and attachment #2 lists the total project cost. I've astericked those portions of the total project cost included in the guaranteed maximum cost.

We sincerely appreciate your introduction of HB 173 and will remain available to address any body or individual in need or clarification regarding any part of this project.

Sincerely,



RICHARD J. LELAND  
City Manager

Enclosure

1/21/85

CORDOVA COMMUNITY HOSPITAL  
ESTIMATE BREAKDOWN

<u>Item No.</u>	<u>Description of Work</u>	<u>Scheduled Value</u>
1	Site Preparatory Work	392,000
2	Site Improvements	114,000
3	Building Earthwork	156,546
4	Site Utilities	41,476
5	Landscaping	40,000
6	Concrete Foundation	559,868
7	Ground Slab (Interior)	90,346
8	Topping Slab	144,086
9	Masonry Walls	10,678
10	Structural Steel	570,256
11	Metal Deck	116,215
12	Miscellaneous Steel	91,529
13	Rough Carpentry	178,000
14	Millwork & Casework	156,000
15	Foundation Waterproofing & Insulation	40,440
16	Roofing & Sheet Metal	334,560
17	Fireproofing	10,166
18	"Dryvit" Exterior Walls	170,787
19	Soffit & Facia Framing & Finish	29,811
20	Interior Partitions	286,434
21	Gypsum Wall Board Ceilings	118,782
22	Interior Insulation	49,329
23	Acoustical	60,141
24	Radiation Protection	9,550
25	Hollow Metal Doors & Frames	77,120
26	Wood Doors	63,412
27	Specialty Doors	69,680
28	Finish Hardware	122,109
29	Sash, Glass & Entrances	109,000
30	Resilient Flooring & Carpet	90,824
31	Ceramic & Quarry Tile	14,176
32	Painting, Taping & Wall Covering	168,000
33	Chalkboards	5,191
34	Cubicle Track	3,627
35	Toilet Partitions & Accessories	26,457
36	Louvers & Vents	14,098
37	Interior Signage	9,416
38	Corner Guards & Wall Rails	8,740
39	Projection Screens	3,405
40	Fire Extinguishers	3,519
41	Incinerator	35,354
42	Flag Pole	4,666
43	Lockers	11,756
44	Laundry/Trash Chutes	10,422

1/21/85

CORDOVA COMMUNITY HOSPITAL  
ESTIMATE BREAKDOWN  
Page Two

<u>Item No.</u>	<u>Description of Work</u>	<u>Scheduled Value</u>
45	Revolving Darkroom Door	2,073
46	Physical Therapy Equipment	5,465
47	Kitchen Equipment	148,709
48	Dock Leveler	2,208
49	Group I Medical Equipment	148,568
50	Relocate Existing Medical Equipment	2,226
51	Morgue Refrigerator	8,751
52	Kennel Cages	2,028
53	Elevator & Dumbwaiter	66,000
54	Mechanical	1,912,000
55	Electrical	951,000
56	Temporary Services, Permits, etc.	153,700
57	Construction Management Fee	1,185,000
58	Contingency	78,000
59	Performance & Payment Bond	98,300
60	Group II & III Hospital Equipment	814,000
	Total	\$10,200,000

CORDOVA COMMUNITY HOSPITAL

Acquisition/Construction Budget

#2

	Omit Cents
1. Site acquisition.....	\$ 15,000
2. Estimated general construction.....	\$ 7,127,000 *
3. Fixed equipment.....	\$ 248,000 *
4. Total construction costs (sum of items 1, 2 & 3).....	\$ 7,390,000
5. Major movable equipment.....	\$ 815,000 *
6. Other costs..... A. THROUGH J	\$ 2,185,000
a. Administration expense.....	\$ 60,000
b. Site Survey, Soils Investigation and Materials testing.....	\$ in "c" below
c. Architects and Engineering fees.....	\$ 1,185,000 *
d. Legal fees.....	\$ 35,000
e. Other consultation fees. DOT/RF.....	\$ 5,000 *
f. Land development and landscaping.....	\$ 500,000 *
g. Building permits and utility assessments (including water, sewer, electrical, phones).....	\$ in "2" above
h. Additional project inspection fees (clerk of works).....	\$ -0-
i. Project contingency fund.....	\$ 160,000 *
j. Insurance (required during construction period)....	\$ 240,000 <small>100,000 * of 240,000</small>
7. Total project cost (sum of items 4, 5 & 6).....	\$ 10,390,000
8. Amount to be financed..... 24/SLA 84	\$ 8,000,000
9. Difference between line 7 and line 8 (list, as schedule I available resource; to be used, e.g. available cash, investments, grants funds, community contributions, etc.....	\$ 2,390,000