



# ATTACHMENT

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DATE: June 20, 2024  
TO: BRH Senior Leadership Team  
FROM: Jeanne Rynne, Chief Architect  
SUBJECT: CIP B55-083 BRH ED Addition/Renovation (Reduced Scope) Funding Recommendation

## Executive Summary

Current project funding for Capital Improvement Project (CIP) B55-083 is \$1.4M. Projected total expenditures through completion of construction are \$13.1M.<sup>1</sup> We are at a point in the project where current funding limits continued progress. [CBJ Procurement Code 9.13](#) requires that obligations be made against appropriated funds. \$8.9M is needed to move the project forward now in order to meet the desired spring 2025 construction start date. (Please see Figure 1 for funding summary and timeline below.)

## Background

The project has currently completed the Schematic Design Phase, 35% completion. In the spring of 2022, BRH Board of Directors approved the use of the Construction Manager at Risk (CMAR) procurement method. This alternative procurement method was approved for use on this project by the Assembly via Ordinance 2022-51(am) in September of 2022. Industry best practice recommends that the CMAR be brought on no later than completion of the Schematic Design phase. Consequently, the architectural firm has been placed on hold until the CMAR selection is complete.

We have completed phase one of the selection process and have ranked the four submittals received for the Request for Qualifications (RFQ). The three shortlisted firms were posted 6/19/24.

During the RFQ process, we received the 35% Cost Estimate, which showed an increase to the construction estimate from \$6.5M (Concept Estimate 8/2023) to \$7.9M, yielding a total project cost of \$12.3M (previously \$10.5M). The first task for the CMAR, once selected, will be to evaluate the project and recommend cost saving measures. (Please see Figure 2 for Concept v. Schematic Design cost comparison.)

The next phase of the CMAR solicitation is the Request for Proposal (RFP) phase. The successful proposer would be awarded the contract for Pre-Construction Services and Construction, requiring a commitment of funds that exceed the current appropriation of \$1.4M.

BRH has been pursuing several avenues for additional funding that may address \$6M of the \$8.9M needed. However the timing of the funding is fluid and not all potential commitments have been confirmed.

At this time, CBJ Engineering is recommending that the project and the CMAR selection process be placed on hold until the needed funding of \$8.9M is appropriated to the project for the following reasons:

- CBJ Procurement Code 9.13 requires that obligations be made against appropriated funds.
- The RFP phase of the CMAR selection process is substantive and requires a significant commitment of resources on the part of the proposers.

<sup>1</sup> Total includes \$739,965 in expenditures from the cancelled larger project.

- Although BRH is pursuing additional funding sources, the funding is not yet secured and the timing of funding availability is not fully determined.
- When BRH cancelled the larger renovation project at 65% completion, the CMAR contract had just been awarded and was terminated shortly after. The contractor had been declining to propose on other projects, reserving their workforce for this project. Repeating this scenario would disincentivize contractors from proposing or bidding on other BRH and CBJ projects.
- If the BRH Board of Directors makes a recommendation to move forward with an \$8.9M appropriation at their 7/23/24 meeting, the soonest the Assembly would be able to adopt the appropriation would be at their 9/23/24 meeting. This would put the construction start date in early June 2025. Further delay in securing funds would put the Spring 2025 construction start date in jeopardy, potentially by one year.

**Action Recommended**

If after considering the programmatic needs that will be addressed with this project in the context of BRH's other organizational needs, it is determined that project should move forward in a timely manner, CBJ recommends that the additional \$8.9M be identified and recommended for appropriation to CIP B55-083 as soon as possible.

**BRH ED Renovation and Addition (Reduced Scope) Funding Timeline**

CIP No.	Fund Source	Funds Available Today	Potential Funding Available	Expected Date Available	Funding Status
B55-083	BRH Emergency Depart. Addition - Ph 2 Reduced Scope	\$660,035			
B55-087	RESTRICTED ED Addition	\$2,798,962		6/17/2024	CON not yet received as of 6/19/24 but expected soon.
	FY25 State Legislative Priority Request		\$0	6/19/2024	\$2M request was not funded.
	Denali Commission Grant Request		\$2,000,000	7/31/2024	Grant awards announced late July 2024.
	Federal Request		\$4,000,000	9/30/24?	Funding appropriated in Federal budget 3/26/24. HRSA Grant application required to receive funding. Application deadline: 6/12/14. Award date 9/30/24. Disbursement schedule unclear.
	<b>Total</b>	<b>\$3,458,997</b>	<b>\$6,000,000</b>		
	<b>Phase 02 Total Project Cost</b>	<b>\$12,325,000</b>			Based on \$7.9M MACC
	<b>Amount Needed Today</b>	<b>\$8,866,000</b>			
	B55-083 Expenditures Phase 01	\$739,965			Major project that was cancelled at 65% DD
	<b>Grand Projected Total Ph 01 &amp; Phase 02</b>	<b>\$13,064,965</b>			

<b>B55-083 BRH ED Addition - Current Fund Summary</b>	
BRH Emergency Depart. Addition - Ph 01 Cancelled Project Expenditures	\$739,965
BRH Emergency Depart. Addition - Ph 02 Reduced Scope	\$660,035
<b>Fund Total</b>	<b>\$1,400,000</b>

Figure 1: Funding Summary and Timeline

**BRH Emergency Department Reno & Addition - Reduced scope  
 Concept v. Schematic Design Cost Comparison**

<b>Design Phase:</b>	<b>8/14/23 Estimate Concept</b>	<b>5/17/24 Estimate (Rev 3) Schematic Design - 35%</b>	<b>Variance</b>
<b>Construction</b>	\$6,518,393	\$7,919,116	\$1,400,723
<b>Total Project Cost</b>	\$10,546,000	\$12,325,000	\$1,779,000
Ph 01 Expended Costs	\$739,965	\$739,965	\$0
<b>Projected Total CIP Expenditures</b>	<b>\$11,285,965</b>	<b>\$13,064,965</b>	<b>\$1,779,000</b>

*Figure 2: Concept v. Schematic Design Cost Comparison*