

MEMORANDUM

TO: Petersburg Borough Assembly

FROM: Philip Hofstetter, Petersburg Medical Center CEO

SUBJECT: New Hospital Project – Limited NTP to Dawson Construction

DATE: February 23, 2024

CC: Steve Giesbrecht, Borough Manager
Jody Tow, Finance Director
Debbie Thompson, Borough Clerk
Jerod Cook, PMC Board Chair

Borough Resolution 2023-04 authorized PMC to execute a CM/GC contract with Dawson Construction for pre-construction services for the new hospital project. The resolution also stipulated that the Borough Assembly must authorize GMP amendments (modifications) or NTP's for any construction services.

In August 2023 the Assembly approved a GMP Amendment to the Dawson contract for sitework. That work is ongoing and expected to be complete in May for both the Wellness, Education & Resource Center (WERC) and Main Hospital Building. Now that the WERC is fully funded, PMC is ready to issue an NTP for foundation work, installation of underground mechanical, electrical and plumbing (MEP), and the procurement of structural steel and long lead mechanical & electrical (M&E) equipment. These elements of the project are described in a set of drawings published in mid-February and the most recent information provided by the mechanical and electrical engineers. An NTP for these activities is necessary in advance of the full GMP amendment for the WERC (which cannot be negotiated until after the 65% design documents are issued in late March), in order to make efficient use of the 2024 construction season and maintain the overall project schedule.

Construction Schedule: The primary objective is to get the roof on NLT the end of September, and have the building enclosed and in the dry by October. Roofing in October or beyond slows production and would undoubtedly require tenting and temporary heat at a significant additional cost. In order to maintain schedule, Dawson needs to start foundation work in April. They also need to start the procurement process now for structural steel and long lead M&E equipment (e.g., the main Air Handling Unit, electrical switchgear, standby generator, etc.). Detailing and fabrication of structural steel will take approximately 4 months. Production times for the referenced M&E equipment range from 8 – 12 months. Its critical to secure a place in the production queues by placing written orders as soon as possible. Extending the start of foundations beyond April and delaying the procurement of steel and long lead M&E equipment will result in higher costs as a result of working outside the best weather window and also increases risks related to inflation and market volatility.

NTP Amount: The estimate for the above referenced work and procurement activities is approximately \$3,300,000. A detailed summary prepared by Dawson is attached for reference. Please note the following.

- Dawson will obtain competitive quotes for all materials and equipment
- Dawson only needs the authority to place orders for structural steel and long lead M&E equipment; the full cost for most of these items will not appear on a pay application until well after the overall GMP amendment is negotiated and executed

- The GMP negotiations and subsequent contract amendment will include all of the NTP work and activities summarized above
- All materials and equipment procured under the authority of the NTP will go through a submittal approval process by the design team
- For direct construction labor, Dawson is required to use State prevailing wage rates
- Labor rates for Dawson supervision were established via a competitive RFP process in January 2023 and are within industry standards
- Dawson’s OH&P rate was also established via the competitive RFP process; it is 5.5% which compares very favorably with the 10% rate being used by HMS in their independent estimates
- As further evidence that it is reasonable to issue the proposed NTP, Dawson’s estimate for the foundation work at the 35% design point back in November was compared against the independent estimate prepared by HMS at that same time for the foundation scope of work; the results are summarized below

	<u>HMS</u>	<u>Dawson</u> ³
Foundation Work ^{1,2}	\$701,884	\$680,996

¹ Footings, Retaining Wall, Pilasters, and Concrete Slab on Grade

² Self-performed by Dawson

³ Note that Dawson’s current estimate for foundation work is \$611,000 based on value engineering sessions conducted with the design team and PMC since the 35% design documents were published last fall

- The architect also performed an independent analysis of the NTP amount, and found it to be in alignment with the cost estimate prepared by HMS in November

Design and Contract Schedule: 65% documents for the WERC will be published by the architect, Bettisworth North, on March 22nd. Their independent estimator (HMS, Inc.) will then prepare a full estimate for the building. Concurrently, Dawson will prepare a formal GMP proposal, including subcontract bids. Using both documents, PMC will conduct open book negotiations with Dawson to establish a final overall Guaranteed Maximum Price (GMP) for the project. The GMP proposal will be presented to the Borough Assembly for approval in May, prior to incorporating it into the construction contract as a formal amendment (modification). Again, note that the GMP negotiations and subsequent contract modification will include all of the NTP work and activities summarized above.

The steps and sequence of events summarized above are consistent with the CM/GC project delivery method approved by the Assembly via Resolution 2023-04.

Funding Source: Funds for the NTP are available via the \$20 million Department of Treasury grant which was awarded to PMC in December 2023.

RECOMMENDATION: That the Borough Assembly authorize PMC to issue an NTP to the Dawson Construction contract for foundation work, installation of underground MEP, and early procurement activities, in an amount not to exceed \$3,300,000.

Thank you for your consideration.

Attachment:

1. NTP Estimate

WERC Project
Estimate for Foundation Work and Early Procurement Activities

Dawson Construction
23 February 2024

line	Description	Amount	Comment
1	Foundations		
2	Form Materials & Accessories	\$40,000	Dawson self-performed work
3	Rebar	\$55,000	
4	Vapor Barrier, Waterstop, Epoxy, Foundation Insulation	\$18,000	
5	Foundation Waterproofing Material	\$8,000	
6	Concrete Footings, Walls & Slab On Grade Labor	\$350,000	
7	Foundation Insulation & Waterproofing Labor	\$20,000	
8	Excavate Footings, MEP Trench/Backfill, Capillary Break	\$120,000	
9	Subtotal	\$611,000	
10	Underground MEP		
11	Underground Mechanical Materials	\$40,000	
12	Underground Electrical Materials	\$40,000	
13	Underground Mechanical Labor	\$80,000	
14	Underground Electrical Labor	\$80,000	
15	Subtotal	\$240,000	
16	Structural Steel Materials		
17	Structural Metal Framing Engineering	\$10,000	
18	Structural Steel, Stairs & Metal Decking	\$500,000	FOB Seattle dock; estimated ship date early June
19	Nails, Bolts, Fasteners & Consumables	\$30,000	
20	Structural Metal Framing Material	\$38,000	
21	Subtotal	\$578,000	
22	Long Lead M&E Equipment		
23	Rooftop AHU (8 month lead time)	\$500,000	FOB factory
24	Transformer and Switchgear (9 month lead time)	\$275,000	
25	Standby Generator (12 month lead time)	\$450,000	
26	Subtotal	\$1,225,000	
27	<i>Total</i>	<i>\$2,654,000</i>	
28	Division 1		
29	Superintendent	\$70,000	10 weeks @ approximately 55 hr/wk
30	Project Manager	\$13,000	13 weeks @ approximately 10 hr/wk
31	Sr. Project Manager	\$50,000	13 weeks @ approximately 25 hr/wk
32	Project Engineer	\$50,000	13 weeks @ approximately 45 hr/wk
33	Project Administrator	\$8,000	13 weeks @ approximately 10 hr/wk
34	Temporary Power	\$35,000	
35	Other Temp Utilities	\$20,000	
36	Misc. Equipment	\$65,000	
37	Freight	\$75,000	
38	Travel, Lodging, Per Diem	\$100,000	
39	Subtotal	\$486,000	18% of all above
40	Total	\$3,140,000	
41	Bond & Insurance	\$48,670	1.55%
42	Subtotal	\$3,188,670	
43	OH&P	\$175,377	5.50%
44	Grand Total	\$3,364,047	