

PRIMARY REASONS PROJECT IS CURRENTLY OVER BUDGET (GSF + \$)

1. Estimate / Legislation Reconciliation

The limitations of square foot cost estimation are that everything is hypothetical until you actually bid it for construction. Square foot cost estimates are based on historical data which is incomplete and by nature 'old' and potentially out of date. Generally square foot cost estimation requires large contingencies, location factors, inflation factors, etc.

2. Where we are:	SNA(rev)	HB25	NOW	delta
a. Beds	248	224	226	-24
i. Permanent	224	n/a	208	-16
ii. Temporary	24	n/a	18	-6
iii. Future Expansion	350	350	350	-0
b. Net square footage	86,720	n/a	74,840	-11,880
c. Average grossing factor*	1.3	n/a	1.55	+25%
d. Gross square footage	112,911	112,911	115,981	+3,070
e. Estimated Site	\$3,500,000	n/a	\$5,000,000	+\$1,500,000
f. Estimated Building	\$31,500,000	n/a	\$32,744,464	+\$1,244,464
g. Estimated FFE	\$600,000	n/a	^\$600,000	
h. Estimated Other Fees	\$522,500	n/a	\$522,500	
i. Estimated Cont.	\$1,877,500	n/a	\$1,877,500	
j. Total Estimated	\$38,000,000	\$38,000,000	\$40,744,464	+\$2,744,464
k. Estimated Cost/GSF(all)	\$336.55/gsf	\$336.55/gsf	\$351.30/gsf	***\$14.75/gsf
l. GSF Cost b+s only	\$309.98/gsf	n/a	\$325.44/gsf	+\$15.46/gsf
m. GSF Cost b only	\$278.98/gsf	n/a	\$282.33/gsf	+\$3.35/gsf
n. Expandability: SNA and legislation assumed addition of housing PODS only, on adjacent land, not expansion of core functions.***				

¹NOTE: Space Needs Assessment (revised) prepared by Crabtree and Rorbaugh 2008 mod by DOC 2012.

²NOTE: \$600,000 estimate for FFE is low. Initial estimate was \$2,000,000. Cuts had to be made to bring project in line with the appropriation. It is anticipated that unused contingency will go toward FFE.

3. This is a difficult site. Of all the potential sites adjacent to the men's prison in Concord, the chosen project area has the least cost of extending utilities and other infrastructure through difficult terrain and soils. However, because of the amount of rock discovered, the water table and slopes that must be overcome to properly fit this program on the site the cost is higher than anticipated.

- The estimated blasting (hard rock excavation) cost, based on current geotechnical exploration is almost 1 million dollars; or 66% of the site cost overage.
- Steep slopes require longer access drives and approaches to meet required cross slopes. While the perimeter roads do not have to be paved, steeply sloped roads do require pavement so that they do not wash out. Paving costs have a high dollar value.
- The amount of surface and sub-surface water that must be mitigated to meet Storm Water Management requirements is larger than anticipated and requires large underground drainage structures to be installed. Drainage structures have a high dollar value.

- d. The site 'forces' a linear solution which increases the amount of perimeter road and fencing required. Road and fencing have a high dollar value.
 - e. Most of the budget overage is in the site costs.
4. *The Grossing Factors are much larger than anticipated (SNA versus SMRT). Grossing factors are used to account for square footage that is not accounted for in the space program as 'useable' items not known at the early stages of design such as wall thicknesses, mechanical spaces, electrical spaces, chase ways, duct banks, corridors, etc..

Crabtree Master Plan SNA as modified by DOC (RFP) - 2008

C3 – C5	70,340 nsf	x	1.3072	=	91,945gsf
C2	16,380 nsf	x	1.28	=	20,966gsf
Total	86,720 nsf	x	1.3 wt/av	=	112,911gsf

Note: C3-C5 includes core space square footages

SMRT / PBA Program (current version) – dated 1/15/2013

Public Lobby	1,701nsf	x	1.4	=	2,381gsf
Administration	2,261nsf	x	1.27 av	=	2,864gsf
Staff Support	3,015nsf	x	1.27 av	=	3,833gsf
Security Ops	2,572nsf	x	1.3	=	3,343gsf
R+D/VSP	2,755nsf	x	1.32 av	=	3,655gsf
C3-C5 Housing	10,995nsf	x	1.65	=	18,141gsf
C-2 Housing	7,085nsf	x	1.65	=	11,690gsf
Medical Health	6,157nsf	x	1.45 av	=	8,863gsf
Mental Health	6,275nsf	x	1.65	=	10,354gsf
Visitation	3,310nsf	x	1.4 av	=	4,626gsf
Programs	15,294nsf	x	1.3 av	=	19,880gsf
Industries	4,150nsf	x	1.3	=	5,395gsf
Food Service	4,524nsf	x	1.29 av	=	5,841gsf
Laundry	1,130nsf	x	1.27 av	=	1,435gsf
Offender Svcs	1,490nsf	x	1.18 av	=	1,753gsf
Maintenance	796nsf	x	1.28 av	=	1,019gsf
Site	1,330nsf	x	1.0	=	1,330gsf
Sub-total	74,840nsf	x	1.42wt/av	=	106,404gsf

<i>Additional grossing factor</i>		x	<i>1.09</i>		
Total	74,840 nsf	x	1.55 wt/av=		115,981gsf

The SMRT/PBA grossing factors (with extra 9 % multiplier factored in) range from 1.36 to 1.8 depending on the function of each area. The net square footage of each area is multiplied by the grossing factor to equal gross square footage for that area. The weighted average (wt/av) for the total project is listed above. The largest discrepancies are in the housing units and medical/mental health spaces.

If we continue to cut square footage to achieve the original budget, we risk compromising the project's ability to meet legal requirements of various court orders (Fiandaca, Laaman, Holladay, et al.). We have already cut out over **11,000 net useable square feet** from the Space Needs Assessment (2 full size gymnasiums) to bring the gross square footage down.

5. **The square footage costs used to develop the project RFP are over 5 years old. As with any square footage cost, these are based upon historical data which is even older. It is important to understand that until the building is actually constructed, the true square foot cost of each area will not be known because it is a factor of the actual cost of construction for each area divided by the gross square footage of each area. The estimated cost per square foot used during estimating was \$279/sf building only; \$310/sf building and site (site accounts for about 10% of the estimated cost). The cost per square foot estimated and used by SMRT/PBA ranges from \$230/sf to \$383/sf, with the resulting weighted average of \$282.33/sf building only; \$325.44 building and site (site accounts for about 13% of the estimated cost).

SMRT / PBA Program (current version) – dated 1/15/2013

Public Lobby	2,381gsf	x	\$230	=	\$547,722
Administration	2,864gsf	x	\$230	=	\$658,732
Staff Support	3,833gsf	x	\$230	=	\$881,533
Security Ops	3,343gsf	x	\$266	=	\$889,398
R+D/VSP	2,905gsf	x	\$320	=	\$929,680
VSP	750gsf	x	\$220	=	\$165,000
C3-C5 Housing	18,141gsf	x	\$383	=	\$6,948,290
C-2 Housing	11,690gsf	x	\$266	=	\$3,109,607
Medical Health	8,863gsf	x	\$266	=	\$2,357,452
Mental Health	10,354gsf	x	\$312	=	\$3,230,370
Visitation	4,626gsf	x	\$266	=	\$1,230,516
Programs	19,880gsf	x	\$266	=	\$5,288,000
Industries	5,395gsf	x	\$266	=	\$1,435,070
Food Service	5,841gsf	x	\$292	=	\$1,705,630
Laundry	1,435gsf	x	\$292	=	\$419,020
Offender Svcs	1,490nsf	x	\$266	=	\$466,298
Maintenance	1,019gsf	x	\$230	=	\$234,370
Site	1,330gsf	x	\$250	=	\$332,500
Sub-total	106,404gsf	x	\$290w/av	=	\$30,829,187
<u>Addl GF</u>	<u>9,576gsf</u>	<u>x</u>	<u>\$200</u>	<u>=</u>	<u>\$1,915,277</u>
Total	115,981gsf	x	\$282w/av	=	\$32,744,464

Gilbane Building Company has confirmed that these square foot numbers are reasonable and appropriate for this stage in the project.

Construction cost has been relatively flat over the last 5 years. However, there has been some inflation. Current costs are about **1.2% higher** building only and **4.7% higher** building and site. These increases are much smaller than would normally be expected from inflation over the same time period.

6. ***The increased size of core elements to meet future population occurs primarily in areas with a high square footage cost. The expansion to 350 beds was anticipated by the legislation to be simply an addition of housing on 'adequate land'. The reality is more complex. Core areas that occur within the main building such as Kitchen and Dining, visitation, administrative offices, staff support, security operations, education, special housing, intake housing, etc. cannot be easily expanded by 'adding on' and must be sized to handle the anticipated build-out population and staffing. This could account for as much as a 25% increase in the size of these core areas that must be built now rather than deferred until later (as a housing block might be).

The good news is that the anticipated future population is less than 350 based on current projections by DOC.

7. There is an increase in some program areas due to space added by staff during the initial programming sessions. Primary areas of growth are in Housing Cell size, Medical and Mental Health areas, which are the most expensive areas per square foot. To accommodate this growth other areas sacrificed including Intake, Program and Vocational areas and the Housing bed count.

Regional Training Institute and Barracks
Project Summary
Summary 3/2/2014

Background

The Governor and Council approved a contract with TLT Construction Corporation on September 14, 2011 in the amount of \$26,554,143. Disputes arose between the State and contractor relating to the project. In particular, on May 18, 2012, the Bureau of Public Works Design and Construction (BPW) terminated the contract with TLT and ordered TLT to stop all work. As stated in BPW's termination letter, BPW had determined that TLT had provided false certifications by signing certain requisitions. Specifically, on payment requisitions submitted by TLT, TLT certified that the amount of work on which payment was requested had been completed in accordance with the contract documents, that all amounts had been paid by the contractor for work which previous requisitions for payment were issued and payment received from the State, and that current payment shown on the requisition was due at that time. As background, a subcontractor, Aggregate Industries – Northeast Region, Inc., had sent BPW a letter on April 17, 2012, stating that over the prior five months TLT had purchased material on account from it, but that TLT had failed to pay the periodic invoices for those materials, despite not disputing any amount claimed due.

After the termination letter was issued, Aggregate Industries claimed it was paid and that it wanted to withdraw the claim, however, BPW was not ever provided evidence to show that TLT had actually paid Aggregate at the relevant time. TLT appealed the termination of the contract. Protracted disputes arose regarding a number of things, including the amount of work completed, the quality of work performed and whether there was compliance with contract requirements and/or project specifications. Subcontractors became involved, alleging that they had not received payment for work performed. Two subcontractors filed lawsuits against the State and TLT, and more were threatened. To avoid the cost of litigation, the parties agreed to mediate the disputes.

Reason for Settlement

Although the State stands by its decision to terminate the contract, it became clear through the mediation process that the State faced some significant risk in litigation due to ambiguities in, and inconsistent interpretation of, certain project specifications, and the delay in the way

in which the National Guard handled reimbursements. To avoid the risk and significant cost of extended litigation, the State, TLT, and a number of subcontractors entered into a settlement to resolve the pending litigation matters, threatened litigation, and ongoing disputes. The settlement agreement is not an admission of liability by any party. It is important to note that some of the money paid by the State in the settlement was for work that had been performed, but for which the State had not yet made payment. The payments made, and reimbursed by the Adjutant General, are detailed below. In addition, generally speaking, pursuant to the settlement agreement, the notice of default and termination issued on May 18, 2012 was withdrawn and rescinded. The contract is terminated as of May 18, 2012, and the termination is deemed a "termination for convenience" without any default under the contract. The State agreed not to characterize the settlement agreement as a decertification, debarment, suspension, probationary status or termination for default or for cause. Under the terms of the settlement, TLT (whose prequalification had expired May 31, 2012) will not apply for prequalification for a year after the execution date of the settlement agreement, and all pending legal actions were settled and withdrawn.

Settlement Payment

On October 8, 2013, the Department of Administrative Services issued checks as detailed below in lines 1-6. The settlement payments were made with general funds, with the understanding that the Adjutant General would reimburse the State for certain amounts using the project funds, as detailed below. This method of payment was used because there were tight time constraints, and it was important to issue payment without undue delay in order to finalize the settlement. The following payments were made:

1. \$66,000 to E. Amanti & Sons, Inc. (no reimbursement by Adjutant General)
2. \$986,333.33 to Novel Iron Works, Inc. (Adjutant General reimbursed \$836,468.67) \$813 dollars remains in escrow for missing and or damaged steel.
3. \$293,717.13 to Greene & Russell, Inc. (Adjutant General reimbursed \$278,813.13)
4. \$150,000.00 to Wayne J. Griffin Electric, Inc. (Adjutant General reimbursed \$115,949.57)
5. \$148,218.00 to Perkins Paper Inc. (Adjutant General to reimburse approximately \$129,324.49, but subject to further review)
6. \$389,846.54 to Holland & Knight LLP (Attorneys for TLT) (Adjutant General reimbursed \$212,429.76)

Total amount of Settlement Paid on 10/8/2013	\$2,034,115.00
Less \$813 in Escrow Novel Steel	<u>\$813.00</u>
Sub Total	\$2,033,302.00
Amount Reimbursed by National Guard on 2/3/2014	\$1,443,661.13
Amount to be reimbursed by Guard for kitchen equipment	<u>\$129,324.49</u>
General Fund Cost	\$460,316.38

Additional Potential Costs

Concrete Removal and Rework	\$366,981.00
Steel Preparation	\$50,000.00
Other Rework Previously Reimbursed (7.5%)	<u>\$344,352.00</u>
Estimated additional potential liability	\$761,333.00

The surety bond will not reimburse any of these amounts. Pursuant to the settlement agreement, the surety was released from its performance and payment responsibilities under the performance bond.

Status of the Project

The project is approximately 17% complete. The site has been stripped, grubbed and cut and filled to rough grade through most of the area. The road ways and some parking areas are graded to sub-base. Water lines have been placed throughout the site and are 90% complete. Sewer lines have been placed into both facilities, main power feed line conduit has been run from Route 106 to the RTI building, Approximately 80% of the storm drainage structures are installed with 60% of them hooked up to the required drainage pipe. The foundation is roughly 40 to 50% complete. Half of the foundation work that is in place has been backfilled and compacted and up to finish grade to receive slab. The other half is backfilled to protect it and will need to be removed and replaced in lifts to obtain correct compaction and testing. There are no concrete slabs placed on grade at this time.

Foundation steel for the RTI building is about 90% placed and tied awaiting finish. Remaining rebar to be placed is on site. The majority of the structural steel for both buildings is on site. Barracks building steel is approximately 30% erected. There is no erected steel at the RTI building at this time. All decking is purchased and stored on site. Approximately 20% of the decking has been placed at erected steel at the Barracks building.

Next Steps

The Department of Administrative Services and Adjutant General are requesting authority from the Capital Budget Overview Committee on March 4th to utilize construction management bid and contracting process to resume and complete construction of the RTI and Barracks buildings in Pembroke. This will allow the Bureau of Public Works to go through a prequalification process using published criteria and select the three most qualified firms to provide a guaranteed maximum price to complete the project.

There is approximately \$29,484,092 remaining to complete the project. The RFP is scheduled to be released on the first week of March with bids due on May 15, 2014. We are anticipating that the contract will be submitted to the Governor and Council for consideration in late June or at the first meeting in July. We anticipate that construction will be completed by October of 2015.

If SB 222 (section 31) passes:

21-I: 85 Planning and Design Costs. The division of public works design and construction shall not perform any design and planning work for any non-general fund state agency unless **funds are available to the agency for the work and** the division is reimbursed for such work by the agency, **or unless the division elects to do so using its own available funds.**

If SB 222 (section 31) does not pass:

21-I: 85 Planning and Design Costs. – The division of plant and property management and the bureau of public works design and construction shall not perform any design and planning work for any non-general fund state agency unless **funds are available to the agency for the work and** the bureau is reimbursed for such work by the agency, **or unless the division elects to do so using funds available to the bureau.**

110-B:28 National Guard Facilities. –

IV. (a) The adjutant general may cooperate with and enter into contracts or agreements with the federal government, or any agency thereof, as he or she deems desirable to secure the participation of the United States government, through the allotment of federal funds, in the costs of constructing, enlarging, or altering armories, the state veterans cemetery, or other military facilities. The adjutant general may contract with the federal government to perform construction for building renovations or site improvements to existing state-owned facilities or land, subject to the approval of the capital budget overview committee established in RSA 17-J. Any affected municipalities shall receive notice at least 14 days prior to the capital budget overview committee meeting at which such projects are slated to be approved. Such federally contracted and completely federally funded projects shall **either be entered into by the adjutant general only when:**

(1) Within 90 days prior to the end of the federal fiscal year, **they are be** designed and ready for bidding; or

(2) **Where S**such project design is incomplete and not ready for bid **but** –a contract may be entered into within 210 days prior to the end of the federal fiscal year–; or

(3) Federal funds for project design and oversight are not sufficient to reimburse the department of administrative services, public works design and construction, as required in RSA 21-I:85.

(b) The adjutant general may adopt procedures relative to this section to ensure the best interest of the federal and state of New Hampshire governments and the national guard, including notice procedures that simultaneously provide project details to all interested parties.