

MEMO

To: Lisa Mobley, Liana McLaren, Finance Committee
From: Bob Baldwin, QPD
Date: 9/12/23
RE: Execution of Construction Contract Guaranteed Maximum Price (GMP)

Following comments, clarifications, and negotiations over the past two week, we received from WT Rich a revised Amendment #3 to the construction contract yesterday. Since the team has not had an opportunity to carefully read through the new document, we are not yet recommending its execution, but we do believe that the fundamental economics of the contract reflect the negotiations and represent terms that are in the best interest of AMSA. Therefore, we are recommending that the Board approve execution of the document for the stated amount and schedule and on substantially consistent terms.

The total GMP is \$12,775,000 which is about \$30,000 less than budgeted GMP. Below is the full Sources and Uses incorporating the recommended GMP. The savings have been put in soft cost contingency.

TOTAL PROJECT COST BUDGET	Current Budget	Total Expended	Remaining
PROPERTY ACQUISITION	\$ 13,014,998	\$ 13,014,998	\$ -
HARD CONSTRUCTION COSTS	13,738,023	300,319	13,437,704
Total Guranteed Maximum Price Contract	12,775,000	215,296	12,559,704
Building Permit Fee	120,000	42,000	78,000
Utility Back Charges	43,023	43,023	-
Contingency	800,000	-	800,000
FINANCING & TRANSACTION COSTS	242,751	223,240	19,511
DESIGN & ENGINEERING	1,518,099	1,079,773	438,326
Primary Design Contract	1,276,512	925,726	350,786
Allowance for Additonal Services	47,487	-	47,487
Existing Conditions and Environmental	37,200	29,508	7,693
Transportation Engineer	40,000	35,755	4,245
Geotech Engineering & Onsite Monitoring	50,300	31,682	18,618
Permitting Submissions and Legal	20,000	11,702	8,298
ALTA Title Survey, Topo & GPR	46,600	45,400	1,200
PROJECT MANAGEMENT & ADMIN.	801,993	447,589	354,404
Owner's Project Manager	390,000	173,421	216,579
Owner's Rep. (from May 1, 2021)	235,543	196,918	38,625
Preconstruction Services	118,250	77,000	41,250
Materials Testing during Construction	25,000	-	25,000
Bid Administration	3,200	250	2,950
Bank Inspections & Title Updates	30,000	-	30,000
FURNITURE, FIXTURES & EQUIPMENT	150,000	-	150,000
Furniture, Fixtures & Equipment	100,000	-	100,000
Technology	50,000	-	50,000
Allowance for Schedule Extension to 1/25	150,000	-	150,000
Soft Cost Contingency	82,136	-	82,136
TOTAL USES OF FUNDS	\$ 29,698,000	\$ 15,065,918	\$ 14,632,082
SOURCES OF FUNDS			
Bond	\$ 24,000,000	\$ 11,945,204	\$ 12,054,796
Equity	5,698,000	3,120,714	2,577,286
Total Sources of Funds	\$ 29,698,000	\$ 15,065,918	\$ 14,632,082

Notes

1. The Construction Contingency is for Owner Change Orders, mostly resulting from design omissions, unforeseen conditions, building official requirements, and discretionary design changes. It equals an industry appropriate 6.25% of the GMP which should be adequate, especially since the loop road work has been completed. In addition to the Owner's contingency, the GMP includes a contractor's contingency of \$197,000. 100% of construction cost savings below the GMP go to the Owner.
2. We are carrying an allowance of \$150,000 for soft costs due to "schedule extension" because the architect and OPM contracts were executed last year based on a fall 2024 completion date and the GMP now includes a schedule showing a December/January finish next year. We are aiming for occupancy of the building over the winter break 2024.
3. The bank will begin funding costs once all of the following has occurred:
 - Building Permit has been received (we will pick it up later this month).
 - The GMP has been executed
 - The entire amount of AMSA equity, approximately \$2,577,000 remaining, has been spent on the project.