

## **WHIDBEYHEALTH – GC/CM PROJECT**

### **– PROJECT SEA LION**

1. Your budget contingencies seem to be less than what’s required, can you describe how you developed those budget numbers and how you might adapt if estimates exceed the budget?

**Response:** We concur with RCW 39.10.50, which requires a reasonable budget contingency of not less than 5%. Since the scope of this project is all renovation and involves some older portions of the building, our budget includes a 10% contingency of \$2,036,000, distributed over the application line items as follows:

|                                | <u>Est. Cost</u>     | <u>Contingency</u>  |             | <u>Total</u>         |
|--------------------------------|----------------------|---------------------|-------------|----------------------|
| Professional & Legal           | \$ 1,760,000         |                     |             | \$ 1,760,000         |
| Construction & Contingency     | \$ 15,025,000        | \$ 1,202,000        | 8 %         | \$ 16,227,000        |
| Equipment & Furnishings        | \$ 1,555,000         | \$ 85,000           | 5 %         | \$ 1,640,000         |
| Off-site Cost                  |                      |                     |             | \$ N/A               |
| Contract Administration        | \$ 367,000           |                     |             | \$ 367,000           |
| Contingencies (design & owner) |                      | \$ 749,000          |             | \$ 749,000           |
| Other Project Cost             | \$ 295,000           |                     |             | \$ 295,000           |
| Sales Tax                      | \$ 1,29,000          |                     |             | \$ 1,429,000         |
| <b>Total</b>                   | <b>\$ 20,431,000</b> | <b>\$ 2,036,000</b> | <b>10 %</b> | <b>\$ 22,467,000</b> |

Contingencies were budgeted based on historical costs data from similar acute care hospital renovation projects and on estimated construction costs that are verified with regional healthcare contractors. The projected construction budget, including contingencies, is tested and confirmed by the selected GC/CM at completion of each design stage. An important part of that process, regardless of whether the project is within budget or not, will be the identification and development of potential cost reduction options for Owner evaluation. The final bid documents will include deduct alternates to provide cost relief should market conditions vary significantly from projections.