

PRE-NEGOTIATION POSITION
MODIFICATION NO. 5

Analysis of Contractors proposal to the government's estimate or other sources of costs are as follows:

Bid Item No. 1, 2, and 6

Description/Title: Concrete Made by Volumetric Batching

This modification to original bid items 1, 2, and 6 adds an additional specification dealing with cast-in-place concrete using volumetric mixers. This method of concrete batching was first discussed during competitive range discussions prior to award of the construction contract. Concerns were raised about the cost for redi-mixed concrete and quality of concrete delivered to the remote site. It was agreed that volumetric batching would be considered if it could be shown that the quality of the concrete could be maintained. To date all of the concrete testing of the volumetric batched concrete has been shown to meet the original concrete specifications. The addition of the new specification formalizes the concrete batching method between the government and the contractor and establishes quality control requirements set forth by ACI and ASTM standards. The contractor has provided correspondence stating that the volumetric concrete batching method is at no additional cost to the government.

1. Equipment: None
2. Labor: None
3. Materials: None
4. Mark-up: None
5. Time: None
6. Extended field office overhead: None

RECOMMENDATION:

It is recommended that this no cost change be incorporated into the contract.

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New Bid Item No. 13

Description/Title: East Wing Shoring (RFP No. PI-01)

Balloon framing discovered during demolition requires temporary supplemental wood framing, at exterior and interior corridor walls to act as shoring at the basement and first floor levels of the East Wing of the Inn, to allow for the supporting and lifting of that portion of the structure as noted in the original contract documents.

Government estimate = \$41,177; GC Proposal = \$45,980

1. Equipment: Government estimated equipment cost = \$0; GC cost = \$700. Forklift for moving shoring materials not included in the government estimate.
2. Labor: Government estimated labor cost = \$25,200; GC cost = 28,465
3. Materials: The government estimate for materials = 8,493; GC proposal = \$8,281. Included \$2,000 for shoring consultant.
4. Mark-up: The contractor used the agreed upon rate of 10% overhead and 10% profit for self performed work in original proposal. See additional mark-up discussion in memo of negotiation.
5. Time: Contractor requested two additional calendar days.
6. Extended field office overhead: None requested. Additional time negotiated out of final proposal.

RECOMMENDATION:

The contractor increased total labor by 92 hours to keep the original schedule. Shoring required completion prior to lifting operation on the critical path. Liability insurance was stated as a man-hour cost was reduced from \$6.00 per hour to \$2.00 per hour. Small tools and safety were changed to reflect negotiated percentages of 1.5% and 3% respectfully. Washington State Business and Occupations Tax was added to the contractor's proposal. The contractor deleted overhead and profit for this modification work. The changes resulted in a final negotiated amount of \$42,290.70 which was agreed to by all parties with no additional time.

PRE-NEGOTIATION POSITION
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New Bid Item No. 14

Description/Title: Lobby Ceiling at Inn (RFP No. PI-05)

The work required includes the removal of the existing ceiling finish at Desk Lobby Room 348 between Gridlines E and E.8 and Gridlines 12 and 13 and the removal of a 3'-0" section of wall immediately below this area of ceiling and along Gridline E.8 between Gridlines 13 and 15. After structural deficiencies have been corrected, repair this area of ceiling and wall to original finish condition. Government estimate = \$2,643.10; GC Proposal = \$8,685.93

1. Equipment: CM Equipment cost = \$0; GC cost = \$550; Scaffolding cost (\$550) is not included in CM estimate and seems excessive for two-three days of work.
2. Labor: CM assumed 1/2 day for demo and 2 days for reinstall; Contractor assumed 12 work days. CM can not justify contractors work days given the scope of the work. Contractor's labor is 5 times material costs and 6 times CM estimate. This seems out of proportion to work scope. Contractor is using labor rates of \$56-59. (Including burden). Davis Bacon wage rates, used by CM, are understood to be \$35+/- from wage rate schedule, with a burden of 25%+/-, or about \$42-45. This results in labor costs approximately 27% above CM estimates. If these are the wage rates that are applicable, all cost estimates will be affected to similar extent.
3. Materials: Material prices (\$800) are almost identical. CM assumed 400 s.f. of work area.
4. Mark-up: Contractor added 5% against labor cost for small tools and safety equipment that is not in CM pricing. This cost is usually included in overhead. If this cost is typically applicable, all cost estimates will be affected to similar extent. See mark-up discussion in memo of negotiation.
[Kieppert, memo dated 12/14/2006]
The contractor used the agreed upon rate of 10% overhead and 10% profit for self performed work. See additional mark-up discussion in memo of negotiation.
5. Time: See time discussion in memo of negotiation.
6. Extended field office overhead: No additional time was included for this change. No extended field overhead.

RECOMMENDATION:

The contractor reduced total labor by 13 hours. Liability insurance was stated as a man-hour cost was reduced from \$6.00 per hour to \$2.00 per hour. Labor was reduced to \$4,321.97. Small tools and safety were changed to reflect negotiated percentages of 1.5% and 3% respectfully. Washington State Business and Occupations Tax was added to the contractor's proposal. The changes resulted in a final negotiated amount of \$6,487.01 which was agreed to by all parties with no additional time.

PRE-NEGOTIATION POSITION
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New Bid Item No. 15

Description/Title: Fire Sprinkler Leak (RFP No. PI-11)

The work includes disassembly, replacement and reinstallation of components as required to repair the leak identified in RFI-35 (room 307 of the Avvex). During implementation, provide for inspection and evaluation of system for possible determination of additional future work required. Government estimate = \$1,518.00; GC Proposal = \$1,143.00

1. Equipment: CM Equipment cost = \$0; GC cost = \$0
2. Labor: CM estimated 8 hours as did the contractor's subcontractor.
3. Materials: The government estimate for material cost was \$200. Subcontractor material pricing was \$188.
4. Mark-up: See mark-up discussion in memo of negotiation.
5. Time: No additional time.
6. Extended field office overhead: No additional time was included for this change. No extended field overhead.

RECOMMENDATION:

The contractor submitted a revised proposal to include Washington State Business and Occupations Tax. The changes resulted in a final negotiated amount of \$1,152.46 which was agreed to by all parties with no additional time.

PRE-NEGOTIATION POSITION
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New Bid Item No. 16

Description/Title: East Wing Floor – Ceiling Framing (RFP No. PI-12Rev)

This item represents an equitable adjustment for work performed in accordance with the Contracting Officer's Directive No. PI-02 (RFP No. PI-12rev). The work includes removal of existing wood floor/ceiling framing under second floor wall lines, and replacement with steel and wood framing members in the floor/ceiling assembly and in the associated bearing walls (see attached Sketches for SI-02: SK-1, SK-2, SK-3, SK-4, SK-5, SK-6, SK-7, and SK-8 as a part of RFP No. PI-12Rev).

Government estimate = \$152,682; GC Proposal = \$425,330

Note: The government estimate is based on the original scope of RFP No. PI-12. The revised RFP No. PI-12 increased the scope of the work.

1. Equipment: CM Equipment cost = \$0; GC cost = \$4,100: Contractor has included cost for forklift and other unspecified "lifting equipment". Probably justified.
2. Labor: CM Labor cost = \$117,750.; GC Proposal = \$209,546.
 - a. Adding steel labor of \$18,860 to \$209,546 = \$228,406
 - b. Steel workers labor of \$19,236 is near CM estimate (18,000+/-):
 - i. CM hours = 400; Contractor hours = 320
 - ii. Steel erector is carrying a 70% burden on labor rates. CM is carrying 25%. This results in labor costs above CM estimates. If these are the wage rates that are applicable, all cost estimates will be affected to similar extent.
 - c. Contractors labor of \$209,546 is significant higher than CM estimate, \$117,750:
 - i. CM Labor = 2180 hours; Contractor labor = 3400 hours
 - ii. Scope of Contractor demolition required to facilitate the work is 50% greater that that assumed by CM. This affects both labor and material costs.
 - iii. Contractor is using labor rates of \$56-59 for carpenters, etc. (Including burden). Davis Bacon wage rates, used by CM, are understood to be \$35+/- from wage rate schedule, with a burden of 25%+/-, or about \$42-45. This results in labor costs approximately 27% above CM estimates. If these are the wage rates that are applicable, all cost estimates will be affected to similar extent.
 - iv. NOTE: Contractor has included both of the following for steel transfer beam erection, which seems redundant:
 1. Corona Steel: 320 hours \$18,859
 2. WKC: 576 hours: \$32,239
 - v. Contractor has included \$20,000 of overtime premium that CM did not include. Item for negotiation.
3. Materials: CM Material cost = \$34,932; GC Material = \$131,071.
 - a. Contractor base material cost of \$26,973 + steel material of \$26,095 = \$53,068.
 - i. Scope of Contractor demolition required to facilitate the work is 50% +/- greater that that assumed by CM. This affects both labor and material costs for replacement.

- ii. The unit cost of the steel at \$3.25/# is 30% greater than assumed by CM (\$2.50) based on prior shipments.
- iii. NOTE: steel cost for this change are \$3.25/# (See RFP-PI-01-SI-01 where it is \$3.50/#)
- b. In addition, the steel detailer has requested \$2535 in detailing labor (\$.30/#) which was not included by the CM. (Note: Means unit prices assume in-place cost to include shop drawings and detailing.) As noted before, detailing cost seem excessive!
- c. Contractor added 5% against labor cost (\$10,477) for small tools and safety equipment that is not in CM pricing. This cost is usually included in overhead. If this cost is typically applicable, all cost estimates will be effected to similar extent.
- d. Contractor included \$1,167 for Emerald Fire [subcontractor] for coordinating the removal and replacement of temporary sprinklers due to beam installation that was not included in the CM estimate. Justified.
- e. Contractor included \$4,702 for Danard Electric [subcontractor]. The electrician noted that much of this cost could be mitigated if the corridor ceilings where dropped, which they where in a later RFP-027. Note also that price includes ¾" conduit which was changed in RFP-26 and should simplify and have an impact on this element. Credit should be included here, or noted in the responses to those RFP's.
- f. Contractor included \$19,000 for a fire watch. Given that no fire watch has been utilized to date, this cost should be reviewed closely and probably rejected.

[Kieppert, memo dated 12/14/2006]

- 4. Mark-up: The contractor used the agreed upon rate of 10% overhead and 10% profit for self performed work. Subcontractor mark-ups reflected previously allowed maximums of 15% OH and 10% profit. See additional mark-up discussion in memo of negotiation.
- 5. Time: No additional time. Overtime paid for accelerating modification work that was necessary prior to the contractor accomplishing the originally contracted work.
- 6. Extended field office overhead: No additional time was included for this change. No extended field overhead.

RECOMMENDATION:

The contractor reduced total labor by 482 hours. Liability insurance was stated as a man-hour cost was reduced from \$6.00 per hour to \$2.00 per hour. Labor was reduced to \$160,780.88 from \$209,546.64. Overtime is being used to meet the original completion schedule for the Dise Inn. The extensive structure deficiencies interfere with the start and completion of original contract work. The originally request of 60 additional contract days was eliminated upon mutual agreement with the inclusion of overtime. Overtime was reduced from \$19,038.00 to \$8,859.28. Equipment costs were reduced from \$4,100 to \$2,600. Subcontractor costs were revised after scope of work discussions. Corona Steel was reduced from \$29,649 to \$9,649 and fire watch costs were reduced a total of \$16,000. Small tools and safety were changed to reflect negotiated percentages of 1.5% and 3% respectfully. Washington State Business and Occupations Tax was added to the contractor's proposal. The changes resulted in a final negotiated amount of \$353,995.04 which was agreed to by all parties with no additional time.

PRE-NEGOTIATION POSITION
MODIFICATION NO. 5

New Bid Item No. 17

Description/Title: East Wing Structural Issues (RFP No. PI-14)

This item represents an equitable adjustment for work performed in accordance with the Contracting Officer's Directive No. PI-03 (RFP No. PI-14). The additional work included in this new bid item was taken from a list of 155 items identified as structurally deficient. The items were found at the time of demolition activities for original contract work.
Government estimate = \$86,159; GC Proposal = \$178,065

1. Equipment: CM Equipment Cost = \$0; GC Equipment = \$600
 - a. Allowance for lifts and similar equipment: Justified.
2. Labor: CM Labor cost = \$117,750.; GC Proposal = \$209,546.
 - a. Contractor is using labor rates of \$56-59 for carpenters, etc.. (Including burden). Davis Bacon wage rates, used by CM, are understood to be \$35+/- from wage rate schedule, with a burden of 25%+/-, or about \$42-45. This results in labor costs approximately 27% above CM estimates. If these are the wage rates that are applicable, all cost estimates will be affected to similar extent.
 - b. Recommend negotiating final cost for labor based on timecards as proposed by contractor.

CM Labor hours = 1000; GC Proposal = 1956

- a. CAN NOT justify deviation, See below:
 - b. Example: Item #1: Replace 4x10 stud and install (4) A35's
 - i. Demo = 5 min.
 - ii. Discard = 3 min.
 - iii. Measure = 1 min.
 - iv. Walk to supply pile = 5 min.
 - v. Measure and mark board = 1 min
 - vi. Saw to cut = 1 minute
 - vii. Carry board to location = 10 x 2 = 20 minutes
 - viii. Stand in place = 1 min.
 - ix. Toe nail, etc. = 1 minute
 - x. Fetch 4 - A35's = 5 minutes
 - xi. Install (2) A35's at top = 2 min.
 - xii. Install (2) A35's at bottom = 2 min.
 - xiii. Clean and move = 5 min.
 - xiv. Lapsed time = 52 min.
 - xv. Contingency 10% = 5 min.
 - xvi. Allowed time = 57 min. = 1 hour
 - xvii. CM allowance = 1 hour
 - xviii. Contractor allowance 8 hours.
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7. Materials: CM Material Cost = \$16,175; GC material = \$23,752
 - a. Contractor added 5% against labor cost (\$6,033) for small tools and safety equipment that is not in CM pricing. This cost is usually included in overhead. If this cost is typically applicable, all cost estimates will be effected to similar extent.

- b. If \$23,752 - \$6,033 – \$500 prorated share of sales tax would equal \$17,221. Agrees in scope with estimate of \$16,175. No exception taken.

[Kieppert, memo dated 12/14/2006]

3. Mark-up: The contractor used the agreed upon rate of 10% overhead and 10% profit for self performed work. See additional mark-up discussion in memo of negotiation.
4. Time: No additional time.
5. Extended field office overhead: No additional time was included for this change. No extended field overhead.

RECOMMENDATION:

The contractor reduced total labor by 218 hours. Liability insurance was stated as a man-hour cost was reduced from \$6.00 per hour to \$2.00 per hour. Labor was reduced from \$120,663.02 to \$95,836.65. Overtime premium was reduced from \$10,946.00 to \$5,273.09. Overtime is being used to meet the original completion schedule for the Inn. The extensive structure deficiencies interfere with the start and completion of original contract work. Materials Small tools and safety were changed to reflect negotiated percentages of 1.5% and 3% respectfully. Washington State Business and Occupations Tax was added to the contractor's proposal. The changes resulted in a final negotiated amount of \$147,768.16 which was agreed to by all parties with no additional time.

PRE-NEGOTIATION POSITION
MODIFICATION NO. 5

New Bid Item No. 18

Description/Title: East Wing Corridor Ceiling (RFP No. PI-18)

The additional work entails new ceiling joists and new diagonal and lateral framing members at the East Wing along and between column lines CL-14.1 and CL-14.9, between CL-F to CL-H, at each existing roof rafter. The items were found at the time of demolition activities for original contract work.

Government estimate = \$65,893.55. Proposal = \$51,539.95: Delta = \$14,350+/-
Difference appears to be in project labor hours. Contractor assumes work can be completed in less time than CMR. CMR does not take exception to contractor's lower estimate [Kieppert, memo dated 01/19/2007]

1. Equipment: CM Equipment Cost = \$0; GC Equipment = \$1,650
2. Labor: CM Labor cost = \$46,562; GC Proposal = \$31,223
3. Materials: CM Material Cost = \$5,004; GC material = \$8,766
4. Mark-up: The contractor used the agreed upon rate of 10% overhead and 10% profit for self performed work. See additional mark-up discussion in memo of negotiation.
5. Time: No additional time.
6. Extended field office overhead: No additional time was included for this change. No extended field overhead.

RECOMMENDATION:

Liability insurance was stated as a man-hour cost was reduced from \$6.00 per hour to \$2.00 per hour. Labor was reduced from \$31,233.32 to \$27,902.52. Overtime premium was reduced from \$2,832 to \$1,535. Overtime is being used to meet the original completion schedule for the Dise Inn. The extensive structure deficiencies interfere with the start and completion of original contract work. The originally request of 20 additional contract days was eliminated upon mutual agreement with the inclusion of overtime. Materials Small tools and safety were changed to reflect negotiated percentages of 1.5% and 3% respectfully. Washington State Business and Occupations Tax was added to the contractor's proposal. The changes resulted in a final negotiated amount of \$45,553.27 which was agreed to by all parties with no additional time.

PRE-NEGOTIATION POSITION
MODIFICATION NO. 5

New Bid Item No. 19

Description/Title: Visitor Center Type “D” Footings – This bid item adds two (2) 48”x 48” x 15” reinforced concrete footings for columns at grid lines P3 and P4. Government estimate = \$3,271.35; GC Proposal = \$3,781.96; Deviation of @ 15%.

1. Equipment: CM Equipment cost = \$206; GC cost = \$430: Contractor assumes more equipment hours than CM. CM can not justify 4 hours of excavator time to dig two holes requiring about 4-6 scopes each.
2. Labor: CM Labor cost = \$1,119 : GC cost = \$1,120.27: No deviation
3. Materials: CM materials cost = \$865.60 : GC cost 1529.74
 - a. Contractor added 5% against labor cost (\$56) for small tools and safety equipment that is not in CM pricing. This cost is usually included in overhead. If this cost is typically applicable, all cost estimates will be effected to similar extent.
 - b. Contractor has indicated a unit price for concrete of \$427/cy. CM estimate utilized an earlier unit price of \$350/cy. This results in a variance of 1.5 x \$77 = \$115. No exception taken if USPS agrees to unit price of \$427/cy.
 - c. Contractor included the cost of the concrete pumper truck (\$165), which the CM did not include in the estimate.
 - d. Contractor included cost of new form material (\$110). Given these footings where cast later, after formwork on similar footings had been stripped, existing forming material should have been available for reuse. The estimate includes labor for forming, but no new form cost.
 - e. Contractor included cost of detailing rebar (\$50.): Given these footings are exactly like other footings there should not have been any detailing required.

[Kieppert, memo dated 12/14/2006]

4. Mark-up: The contractor used the agreed upon rate of 10% overhead and 10% profit for self performed work. See additional mark-up discussion in memo of negotiation.
5. Time: No additional time.
6. Extended field office overhead: No additional time was included for this change. No extended field overhead.

RECOMMENDATION:

The contractor reduced the hours for excavation equipment, however added concrete pump rental (a legitimate cost). Operator hours were reduced to reflect the change in excavation equipment usage. Liability insurance was stated as a man-hour cost was reduced from \$6.00 per hour to \$2.00 per hour. The reduction resulted in \$963.01 for labor costs. Concrete material costs were reduced and small tools and safety were changed to reflect negotiated percentages. Washington State Business and Occupations Tax was added to the contractor’s proposal. The changes resulted in a final negotiated amount of \$3,328.66 which was agreed to by all parties with no additional time.