

DATE: June 17, 2010

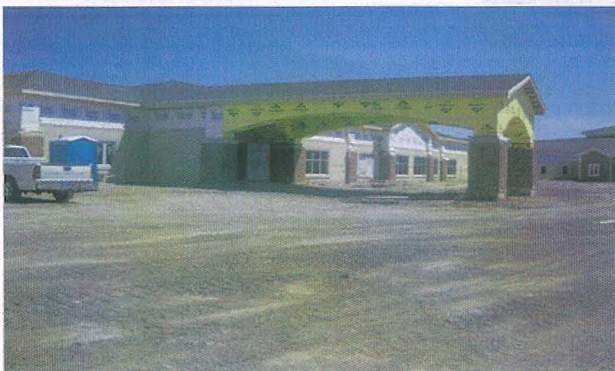
TO: Budget Section
North Dakota State Legislature

FROM: Russ Handegard
Owner's Rep-NDVH

RE: Status of NDVH construction project

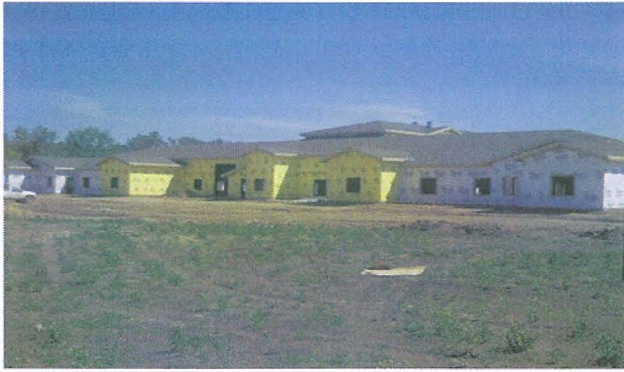
Introduction

I became the new owner's representative in March of this year. I was commissioned among other things with the task of bringing resolution to a couple of issues that had been under protracted consideration. Principally they were related to a NDDOH review and the failure of backfill at construction trenches, and how they affected the overall schedule. I began by researching the background, including plans, specs, players, and past events. This led to a number of recommendations including: focus upon one area at a time; expedite resolution of issues as they developed; delegate greater authority to on site personnel. The Governing Board concurred and authorized me to negotiate with the three prime contractors. I also strongly suggested that the parties to the contract try to respond less distrustfully and attempt to act more collaboratively in order that disputes could be minimized and construction progress enhanced.



NDDOH plan review

The untimely completion of the plan review for the new NDVH led to the immediate need to amend the contracts by change order. Without going into detail about how this was unresolved after many months, it was the first item addressed. A compromise was reached with Comstock Construction in which they essentially reduced their monetary claim in exchange for relief from responsibility for utility expense after the original completion date of October 1, 2010. Additionally their monetary claim was reduced to more closely align with actual cost versus their original estimates.



Backfill failures

The good news regarding this issue is that the remediation work has been completed and the project is progressing. The bad news is the effect this has had upon the schedule and the ongoing dispute over responsibility. We feel we have a strong case that the responsibility is not with the NDVH and if there is a dispute it is between the prime contractors. As regards the schedule, that is our current focus and a strategy is in place between NDVH and the design associates to firm up the date of substantial completion. The first step is to establish the new contractual completion date followed by a documentation of potential damages.



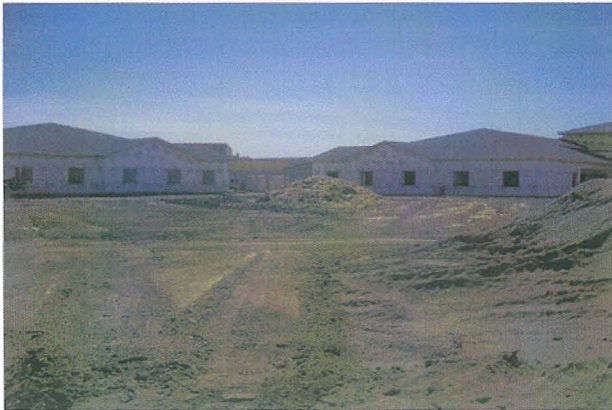
Schedule

Following is a summary of contractual considerations.

Original substantial completion date		October 1, 2010
Change order # 17G (NDDOH)	ADD 30 days	October 31, 2010
Change order # 21G (pending subject to Board approval)		
Weather accommodation	ADD 12 days	
Contract issuance	ADD 12 days	
2009 spring flood	<u>ADD 30 days</u>	
	ADD 54 days	December 24, 2010

Current status

Within the past few weeks the entire roof was completed on the structure. This is significant because essentially nothing should stand in the way of progress on the building itself. Finish work is currently under way in Area "A". Drywall work is underway in Area "D". Interior framing and mechanical rough in work are underway in Area "C". Underground rough in and concrete flatwork are underway in Area "B". Exterior site work is scheduled to commence the week of June 21, 2010. The monthly progress billings indicate that the project overall is approximately 65% complete as of the end of May.



Conclusion

Significant progress has been made on a number of fronts since the spring of this year. The schedule is still a large issue but as previously indicated that issue is currently being pursued. There remains uncertainty as to how the issues surrounding backfill failure will unfold but I feel the NDVH holds the strongest hand. Overall the contractors are competent if not always agreeable, but that is to be expected. The workmanship is certainly at an acceptable level and therefore the State and it's Veterans can look forward to occupying an outstanding new facility in the near future.

