



Prosser
Memorial Health

**Prosser Memorial Health
Board of Commissioners**

**Board Packet
August 25, 2022**

Vision

Patients
Employees
Medical Staff
Quality
Services
Financial



Prosser

Memorial Health

Values

Accountability
Service
Promote Teamwork
Integrity
Respect
Excellence

Mission: To improve the health of our community.

BOARD OF COMMISSIONERS – WORK SESSION
TUESDAY, August 23, 2022
6:00 PM - WHITEHEAD CONFERENCE ROOM
AGENDA

COMMISSIONERS:

Stephen Kenny, Ph.D.
Sharon Dietrich, M.D.
Glenn Bestebreur
Susan Reams
Keith Sattler
Brandon Bowden
Neilan McPartland

STAFF:

Craig Marks, CEO
Merry Fuller, CNO/COO
David Rollins, CFO
Shannon Hitchcock, CCO
Kristi Mellema, CQO
Bryon Dirkes, CHRO
Dr. Brian Sollers, CMO

GUESTS: Paul Kramer, Project Director, NV5
Kurt Broeckelmann, Architect, bcDG
Gary Hicks, Financial Advisor
Brandon Potts, Bouten Construction
Nick Gonzalez, Bouten Construction

I. CALL TO ORDER

II. SERVICES

A. Replacement Facility Update

1. Design Updates

- a. MDNS/SEPA (**Attachment E**)
- b. SVID
- c. DOH/USDA/City of Prosser Reviews

NV5
NV5
bcDG/NV5

2. Construction/Schedule/Budget

- a. Bid Process Update
- b. GC/CM Contracts A133 (**Attachment G**) A201 (**Attachment H**)
- c. Initial MACC (**Attachment JJ**), (**Attachment K**) (**Attachment L**)
- d. Schedule (**Attachment D**)
- e. Budget (**Attachment M**) (**Attachment N**)

Bouten
NV5
Bouten
NV5/Bouten
NV5

3. Financing
 - a. USDA
 - b. Equipment Lease
 - c. Construction Loan

Gary

B. Capital Equipment Request

1. Family Birthplace Sofa Sleepers (**Attachment P**)

Merry

III. ADJOURN

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BOARD OF COMMISSIONERS
THURSDAY, August 25, 2022
6:00 PM, WHITEHEAD CONFERENCE ROOM
AGENDA

COMMISSIONERS:

Stephen Kenny, Ph.D.
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Glenn Bestebreur
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STAFF:

Craig Marks, CEO
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Shannon Hitchcock, CCO
Kristi Mellema, CQO
Bryon Dirkes, CHRO
Dr. Brian Sollers, CMO

I. CALL TO ORDER

- A. Pledge of Allegiance

II. PUBLIC COMMENT

III. APPROVE AGENDA

Action Requested – Agenda

IV. CONSENT AGENDA

Action Requested – Consent Agenda

- A. Board of Commissioners Meeting Minutes for July 28, 2022.
B. **Payroll and AP Vouchers** #166480 through #167132 dated 07-21-22 through 08-17-22 in the amount of \$6,446,637.88.

V. MEDICAL STAFF DEVELOPMENT

- A. Medical Staff Report and Credentialing

Dr. Hashmi

Action Requested - Advancement from Provisional

1. Advancement from Provisional

Jayne Thompson, DO – Active Staff privileges in Family Medicine effective September 1, 2022, through February 28, 2024.

Michael Chen, MD – Telemedicine Staff privileges in Neurology effective September 1, 2022, through February 28, 2024.

Mohammad Hirzallah, MD – Telemedicine privileges in Neurology effective September 1, 2022 through February 28, 2024.

2. New Appointment

Action Requested – New Appointment and Requested Clinic Privileges

Jeffrey Johnson, MD – Provisional/Locum Tenens Staff with requested privileges in General Surgery effective September 1, 2022, through February 28, 2023.

Byron Wright, MD – Provisional/Locum Tenens Staff with requested privileges in General Surgery effective September 1, 2022, through February 28, 2023.

3. Reappointment

Action Requested – Reappointment and Requested Clinical Privileges

Richard Unger, DO – Reappointment to Active Staff with requested privileges in General Surgery effective September 1, 2022, through August 31, 2024.

Katheryn Norris, DO – Reappointment to Courtesy Staff with requested privileges in Family Medicine effective September 1, 2022, through August 31, 2024.

Flint Orr, MD – Reappointment to Courtesy Staff with requested privileges in Internal Medicine effective September 1, 2022, through August 31, 2024.

Praveen Korimerla, MD – Reappointment to Consulting Staff with requested privileges in Cardiology effective September 1, 2022, through August 31, 2024.

Jeffrey Lehr, MD – Reappointment to Consulting Staff with requested privileges in Cardiology effective September 1, 2022, through August 31, 2024.

Dane Sandquist, MD – Reappointment to Consulting Staff with requested privileges in Pathology effective September 1, 2022, through August 31, 2024.

Joseph Freeburg, MD – Reappointment to the Telemedicine Staff with requested privileges in Neurology effective September 1, 2022, through August 31, 2024.

Yi Mao, MD – Reappointment to the Telemedicine Staff with requested privileges in Neurology effective September 1, 2022, through August 31, 2024.

Kyle Ogami, MD – Reappointment to Telemedicine Staff with requested privileges in Neurology effective September 1, 2022, through August 31, 2024.

Kishan Patel, MD – Reappointment to Telemedicine Staff with requested privileges in Neurology effective September 1, 2022, through August 31, 2024.

VI. FINANCIAL STEWARDSHIP

A. Review Financial Reports for July 2022 (**Attachment X**)

David

Action Requested – Financial Reports

B. Capital Request- Family Birthplace Sofa Sleepers (**Attachment P**)

Merry

Action Requested-(4) Family Birthplace Sofa Sleepers at a cost not to exceed \$28,303.29

VII. SERVICES

A. Initial MACC- (**Attachment JJ**) (**Attachment K**) (**Attachment L**)

Craig

Action Requested- Initial MACC

VIII. QUALITY

A. Legislative and Political Updates

Commissioner Bestebreur

B. CEO/Operations Report

Craig

IX. ADJOURN

PMH
Board of Commissioners
Work Plan – FY2022

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Month	Goals & Objectives	Education
January	<p>QUALITY:</p> <ul style="list-style-type: none"> Review/Approve 2022 Strategic Plan and 2022 Patient Care Scorecards Sign Financial Disclosure and Conflict of Interest Statements Approve 2022 Risk Management and Quality Assurance Plans Select and Approve Board Officers Review Board Committee structure and membership <p>SERVICES:</p> <ul style="list-style-type: none"> Approve acquisition of surgical equipment Approve radiologist contracts Approve Construction Loan 	<p>EMPLOYEE DEVELOPMENT:</p> <ul style="list-style-type: none"> Review 2021 Employee Engagement Survey Results Review 2021 Medical Staff Engagement Survey Results <p>QUALITY:</p> <ul style="list-style-type: none"> Review Board Self-Evaluation <p>FINANCIAL STEWARDSHIP:</p> <ul style="list-style-type: none"> Review semi-annual financial performance report for PMH Clinics <p>SERVICES:</p> <p>Replacement Facility Update</p> <ul style="list-style-type: none"> Construction Loan Schedule Update

Month	Goals & Objectives	Education
February	<p>SERVICES:</p> <ul style="list-style-type: none"> • Approve construction mini-MACC • Approve construction documents <p>QUALITY:</p> <ul style="list-style-type: none"> • Approve 2022 Board Action Plan <p>EMPLOYEE DEVELOPMENT:</p> <ul style="list-style-type: none"> • Review and Approve 2022 Leadership Incentive Compensation Program 	<p>EMPLOYEE DEVELOPMENT:</p> <ul style="list-style-type: none"> • Attend AHA Governance Conference <p>PATIENT LOYALTY:</p> <ul style="list-style-type: none"> • Patient Loyalty Summary report • Review Patient Engagement Plan <p>SERVICES:</p> <p>Replacement Facility Update:</p> <ul style="list-style-type: none"> • Construction Documents • Mini-MACC • Schedule
March	<p>QUALITY:</p> <ul style="list-style-type: none"> • Review/Approve Board Polices • Approve 2022 Corporate Compliance Plan • Approve 2022 Infection Prevention Control Plan <p>EMPLOYEE DEVELOPMENT</p> <ul style="list-style-type: none"> • Review and Approve 2022 Leadership Incentive Compensation Program <p>MEDICAL STAFF DEVELOPMENT:</p> <ul style="list-style-type: none"> • Support Providers' Day Celebration <p>FINANCIAL STEWARDSHIP:</p> <ul style="list-style-type: none"> • Accept 2021 Audit Report <p>SERVICES:</p> <ul style="list-style-type: none"> • Approve the MACC / GMP for the new facility 	<p>PATIENT LOYALTY:</p> <ul style="list-style-type: none"> • Review 2021 Utilization Review Performance <p>QUALITY:</p> <ul style="list-style-type: none"> • Review 2021 Corporate Compliance Report • Review 2021 Infection Prevention Summary <p>EMPLOYEE DEVELOPMENT:</p> <ul style="list-style-type: none"> • Review Employee Performance Report • Review the Communications Calendar <p>FINANCIAL STEWARDSHIP:</p> <ul style="list-style-type: none"> • Presentation of the 2021 Audit Report by Auditors • Capital Campaign Update

Month	Goals & Objectives	Education
	<p>PATIENT LOYALTY</p> <ul style="list-style-type: none"> • Approve the 2022 Utilization Review Plan 	<p>SERVICES: Replacement Facility Update</p> <ul style="list-style-type: none"> • MCAA / GMP • USDA Update • Budget
April	<p>QUALITY:</p> <ul style="list-style-type: none"> • Approve 2022 Community Benefits Report <p>EMPLOYEE DEVELOPMENT</p> <ul style="list-style-type: none"> • Conduct CEO Evaluation <p>SERVICES:</p> <ul style="list-style-type: none"> • Approve the MACC / GMP for the new facility 	<p>SERVICES: Replacement Facility Update</p> <ul style="list-style-type: none"> • MCAA / GMP • USDA Update • Budget <p>QUALITY:</p> <ul style="list-style-type: none"> • Strategic & Patient Care Score Cards • Review 2021 Community Benefits Report <p>EMPLOYEE DEVELOPMENT:</p> <ul style="list-style-type: none"> • Review 2021 Leadership Performance (LEM) • Review Employee Engagement Plan • Review the Communications Calendar <p>MEDICAL STAFF DEVELOPMENT:</p> <ul style="list-style-type: none"> • Review 2021 FPPE/OPPE Summary <p>PATIENT LOYALTY:</p> <ul style="list-style-type: none"> • Review Interpreter Services Plan • Call Center Update

Month	Goals & Objectives	Education
May	<p>EMPLOYEE DEVELOPMENT:</p> <ul style="list-style-type: none"> • Support Hospital Week 	<p>SERVICES:</p> <ul style="list-style-type: none"> • Replacement Facility Update <p>MEDICAL STAFF</p> <ul style="list-style-type: none"> • Medical Staff Engagement Plan <p>EMPLOYEE DEVELOPMENT:</p> <ul style="list-style-type: none"> • Employee Retirement Update <p>PATIENT LOYALTY:</p> <ul style="list-style-type: none"> • Review Customer Service Program
June	<p>QUALITY:</p> <ul style="list-style-type: none"> • Review/Approve Board Polices • Approve 2021 CAH Annual Report <p>FINANCIAL STEWARDSHIP:</p> <ul style="list-style-type: none"> • Approve 2022 Cost Report 	<p>QUALITY:</p> <ul style="list-style-type: none"> • Report 2022 Q1 Utilization Review <p>EMPLOYEE DEVELOPMENT:</p> <ul style="list-style-type: none"> • Review Leader Assessment and Development Program <p>SERVICES:</p> <ul style="list-style-type: none"> • Marketing Update • PMH Telehealth Update <p>FINANCIAL STEWARDSHIP:</p> <ul style="list-style-type: none"> • Accounting Software Update
July	<p>MEDICAL STAFF DEVELOPMENT:</p> <ul style="list-style-type: none"> • Attend BOC, Medical Staff and Leadership Engagement Activity <p>FINANCIAL STEWARDSHIP:</p> <ul style="list-style-type: none"> • Approve Single Audit 	<p>SERVICES:</p> <ul style="list-style-type: none"> • Replacement Facility Update <p>MEDICAL STAFF</p> <ul style="list-style-type: none"> • Review PMH Clinic productivity <p>QUALITY:</p>

Month	Goals & Objectives	Education
		<ul style="list-style-type: none"> • Quality Committee Report • Strategic & Patient Care Score Cards • Board Judiciary Responsibilities <p>EMPLOYEE DEVELOPMENT:</p> <ul style="list-style-type: none"> • Human Resources Update • Review Leadership and Exempt Wage Scales <p>FINANCIAL STEWARDSHIP:</p> <ul style="list-style-type: none"> • Review Semi-Annual Financial Performance Report for PMH Clinics • Foundation Update
August	<p>EMPLOYEE DEVELOPMENT:</p> <ul style="list-style-type: none"> • Attend end of summer Engagement Activity for BOC, Medical Staff, and all staff 	<p>SERVICES:</p> <ul style="list-style-type: none"> • Replacement Facility Update
September	<p>QUALITY:</p> <ul style="list-style-type: none"> • Review/Approve Board Polices 	<p>EMPLOYEE DEVELOPMENT:</p> <ul style="list-style-type: none"> • Review Employee Benefit Changes • Review Leadership Development Activities <p>SERVICES:</p> <ul style="list-style-type: none"> • Replacement Facility update <p>PATIENT LOYALTY:</p> <ul style="list-style-type: none"> • Nurse Educator Update
October		<p>QUALITY:</p>

Month	Goals & Objectives	Education
		<ul style="list-style-type: none"> • Conduct 2023 Strategic Planning • Strategic & Patient Care Score Cards <p>EMPLOYMENT DEVELOPMENT:</p> <ul style="list-style-type: none"> • Review Leadership Accountability Resource Tools <p>PATIENT LOYALTY:</p> <ul style="list-style-type: none"> • Patient Loyalty Summary
November	<p>FINANCIAL STEWARDSHIP:</p> <ul style="list-style-type: none"> • Approve Property Tax Request for County Commissioners 	<p>QUALITY:</p> <ul style="list-style-type: none"> • iVantage Update <p>SERVICES:</p> <ul style="list-style-type: none"> • Review draft 2023 Strategic Plan; 2023 Marketing and IT Plans; and Medical Staff Model/2023 Provider Recruitment Plan • Replacement Facility Update <p>EMPLOYEE DEVELOPMENT:</p> <ul style="list-style-type: none"> • Review Non-exempt (union) performance evaluation template <p>FINANCIAL STEWARDSHIP:</p> <ul style="list-style-type: none"> • Review draft 2023 Budget
December	<p>QUALITY:</p> <ul style="list-style-type: none"> • Complete Board Self-Evaluations • Review/Approve Board Policies • Approve the 2023 Environment of Care Plan 	<p>QUALITY:</p> <ul style="list-style-type: none"> • Review the 2022 Environment of Care Plan

Month	Goals & Objectives	Education
	<p>SERVICES:</p> <ul style="list-style-type: none">• Approve 2023 Strategic Plan; 2023 Marketing and IT Plans; and Medical Staff Model/2023 Provider Recruitment Plan <p>FINANCIAL STEWARDSHIP:</p> <ul style="list-style-type: none">• Approve 2023 Operating and Capital Budgets• Banking relationship Selection <p>EMPLOYEE DEVELOPMENT:</p> <ul style="list-style-type: none">• Attend holiday celebration	



2022 - Patient Care Scorecard

Major Goal Areas & Indicators	2022 Goal	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	2022 YTD	2021	2020
Quality																
Left Without Being Seen	<0.80%	2.02%	1.47%	0.88%	2.25%	2.97%	3.88%	2.89%						2.43%	1.47%	0.80%
Median Admit Decision Time to ED Departure Time for Admitted Patients	<44 min	53	56	51	51	45	51	53						51	60	70
Median Time from ED Arrival to Departure for Discharged ED Patients	<107 min	109	115	114	114	110	134	128						118	117	128
Severe Preeclamptic Mothers: Timely Treatment Rate	>90.00%	42.86%	57.14%	86.21%	60.00%	84.62%	90.91%	88.89%						69.72%	N/A	N/A
All-Cause Unplanned 30 Day Inpatient Readmissions	<2.70%	10.61%	2.74%	4.92%	3.77%	5.45%	9.09%	5.63%						5.91%	5.80%	3.80%
Sepsis - Early Management Bundle	>94.40%	100.00%	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%						95.00%	94.40%	72.73%
Healthcare Associated Infection Rate per 100 Inpatient Days	<0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0%	0.29%
Diabetes Management - Outpatient A1C>9 or missing result	<21.89%	22.40%	24.19%	24.53%	21.32%	22.32%	23.35%	26.83%						23.56%	21.89%	27.61%
Medication Reconciliation Completed	>90.00%	96.30%	94.74%	90.74%	92.00%	88.00%	85.00%	76.67%						88.83%	46%	47.15%
Turnaround time of 30 minutes or less for STAT testing	<30 min	22.0	21.0	21.0	21.0	19.0	19.0	18.0						20.1	38	37.5
Median Time to ECG for Patients Presenting to the ED with Chest Pain	< 6.3 min	5.0	3.0	5.0	5.0	4.0	4.0	5.0						4.4	6.3	7
Surgical Site Infection	<0.19%	0.00%	0.59%	0.00%	0.00%	0.00%	0.00%	0.00%						0.05%	0.19%	0.25%
Bar Code Scanning: Medication Compliance	>93.50%	94.91%	95.77%	95.43%	95.00%	94.54%	93.76%	91.55%						94.42%	93.50%	98.90%
Bar Code Scanning: Patient Compliance	>94.70%	96.42%	95.81%	96.17%	96.16%	95.95%	94.83%	92.35%						95.38%	94.70%	N/A
*Overall Quality Performance Benchmark (iVantage)	>61	61	61	36	36	36	36	36						36	61	53
*Falls with Injury	<2	-	-	-	-	-	1	-						1	3	2

Green at or above Goal (4)
 Yellow within 10% of Goal (2)
 Red More than 10% below Goal (0)



2022 - Strategic Plan Scorecard

Major Goal Areas & Indicators	2022 Goal	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	2022 YTD	2021 Avg	2020 Avg
Patient Loyalty																
IP - "Would Recommend"	>93.1%	94.8%	92.4%	91.7%	92.9%	90.5%	96.4%	79.2%						90.9%	93.1%	87.9%
ED - "Would Recommend"	>84.0%	83.9%	81.7%	76.4%	88.0%	88.8%	90.7%	67.7%						85.9%	84.0%	81.4%
Acute Care - "Would Recommend"	>91.8%	90.9%	94.4%	87.5%	94.4%	87.5%	91.7%	79.2%						89.2%	91.8%	84.1%
OB - "Would Recommend"	>93.6%	99.0%	100.0%	97.7%	100.0%	88.9%	100.0%	75.0%						94.1%	93.6%	92.3%
Outpatient Surgery - "Would Recommend"	>96.6%	100.0%	100.0%	97.2%	97.7%	94.4%	95.3%	98.5%						96.4%	96.6%	89.8%
Clinic - "Would Recommend"	>91.0%	92.8%	97.5%	91.7%	97.6%	91.8%	94.3%	86.8%						93.5%	91.0%	87.3%
Outpatient - "Would Recommend"	>94.1%	98.1%	96.1%	93.5%	96.0%	96.0%	94.8%	94.5%						94.9%	94.1%	88.1%
Composite Score	>92.9%	95.7%	95.2%	94.4%	94.1%	93.8%	93.7%	93.2%						93.2%	92.9%	N/A
Medical Staff Development																
Medical Staff Turnover	<10%	0%	0%	0%	0%	0%	4%	0%						1%	12%	0.2%
Prosser Specialty Clinic Visits	1,352	1,386	1,429	1,617	1,428	1,366	1,422	1,272						1,417	1,318	954
Benton City Clinic Visits	868	775	650	822	657	870	730	718						746	732	837
Prosser RHC Clinic Visits	1,291	1,063	1,111	1,206	1,106	1,211	1,122	1,152						1,139	1,227	1,226
Grandview Clinic Visits	969	1,055	833	1,021	873	986	960	904						947	778	589
Women's Health Center	679	508	600	660	533	611	708	554						596	602	601
*# of Active Medical Staff	>51	52	53	53	54	55	54	55						54	51	45
Employee Development																
403(B) Participation Rate	>98%	98%	98%	98%	98%	98%	98%	98%						98%	98%	46%
Average Recruitment Time (days)	<21	19	26	40	11	15	19	22						22	21	32
# of Open Positions (Vacancies)	<23	32	28	35	31	32	39	39						34	32	29
Hours of Overtime - Overtime/Total Hours Worked	<4.5%	6.8%	5.3%	4.9%	6.0%	6.3%	6.1%	8.2%						6.2%	6.1%	5.9%
Agency - Cost/Total Labor	<7.7%	6.2%	10.6%	6.9%	6.9%	5.7%	7.9%	7.7%						7.4%	7.7%	7.6%
Turnover Rate	<0.6%	0.6%	1.2%	0.9%	0.9%	0.9%	1.2%	0.6%						0.9%	0.9%	0.6%
Timely Evaluations	>71.8%	95.1%	85.0%	84.2%	93.0%	79.0%	80.0%	79.6%						85.1%	71.8%	70.2%
Education Hours/FTE	>2.15	0.64	1.33	1.39	0.95	0.68	0.75	0.44						0.88	1.05	1.22
New Hire (Tenure) < 1 year	<10%	0.6%	0.6%	0%	0.6%	0.3%	0.3%	1.4%						0.5%	10%	0%
* Lost Workdays due to On-the-Job Injuries	<10.25	11	7	7	0	0	6.3	13						6	19.49	10.25
Quality																
ED Encounters - Left Without Being Seen	<0.8%	2.0%	1.5%	0.9%	2.3%	3.0%	3.9%	2.9%						2.3%	1.4%	0.8%
* Falls with Injury	<2	0	0	0	0	0	1	0						0	3	2
Healthcare Associated Infection Rate per 100 Inpatient Days	<0.1%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.0%	0.3%
All-Cause Unplanned Readmissions within 30 Days	<2.7%	10.6%	2.7%	4.9%	3.7%	5.5%	9.1%	5.6%						6.0%	6.1%	3.8%
Diabetes Management - Outpatient A1C>9 or missing result	<21.88%	22.40%	24.19%	24.53%	21.32%	22.32%	23.35%	26.83%						23.56%	21.88%	27.61%
Services																
ED Visits	1,083	1,287	949	1,138	1,246	1,448	1,419	1,384						1,267	1,105	805
Inpatient Admissions	96	123	98	115	102	89	120	121						110	116	83
OB Deliveries	50	47	41	61	46	41	38	57						47	49	41
Surgeries and Endoscopies	187	162	170	268	274	288	337	284						255	179	101
Diagnostic Imaging Procedures	2,851	2,462	2,619	3,134	2,915	2,981	3,091	2,691						2,842	2,992	2,280
Lab Procedures	14,000	14,139	13,806	14,818	13,359	15,075	14,738	13,972						14,272	14,327	11,768
Adjusted Patient Days	1,900	1,627	1,819	2,016	1,838	2,127	2,461	2,502						2,056	1,697	1,393
Therapy Visits	1,651	1,225	1,391	1,542	1,339	1,420	1,701	1,540						1,451	1,453	1,314
Outpatient Special Procedures Visits	325	241	221	332	249	277	306	364						284	324	247
Financial Performance																
Net Days in Accounts Receivable	50	55	58	55	56	55	55	55						55	51	63
*Total Margin	6.90%	5.2%	13.6%	13.3%	11.2%	5.2%	16.8%	7.4%						10.7%	18.40%	4.50%
Net Operating Revenue/FTE	\$ 19,431	\$ 17,959	\$ 18,695	\$ 21,800	\$ 19,651	\$ 20,465	\$ 21,737	\$ 18,317						\$ 19,803	\$ 20,682	\$ 17,191
Labor as % of net Revenue	56.30%	63.18%	52.36%	48.39%	62.85%	60.40%	50.97%	59.42%						56.80%	57.00%	61.30%
Operating Expense/FTE	\$ 18,177	\$ 17,959	\$ 16,155	\$ 17,591	\$ 17,598	\$ 19,469	\$ 17,756	\$ 17,086						\$ 17,659	\$ 16,940	\$ 15,891
*Days Cash on Hand	109	142	150	154	150	148	152	154						154	155	183
Commercial %	28.60%	29.90%	30.90%	31.80%	31.70%	31.40%	31.60%	31.60%						31.60%	29.00%	29.00%
Total Labor Expense/Total Expense	60.20%	60.73%	60.33%	59.41%	62.99%	62.87%	60.43%	62.50%						61.32%	61.00%	61.30%

Green at or above Goal
 Yellow within 10% of Goal
 Red More than 10% below Goal
 *Cumulative Total - goal is year end number

Vision

Patients
Employees
Medical Staff
Quality
Services
Financial



Prosser

Memorial Health

Mission: To improve the health of our community.

Values

Accountability
Service
Promote Teamwork
Integrity
Respect
Excellence

BOARD MEETING		July 28, 2022,		WHITEHEAD CONFERENCE ROOM			
COMMISSIONERS PRESENT		STAFF PRESENT		MEDICAL STAFF		GUESTS	
<ul style="list-style-type: none">• Steve Kenny Ph.D.• Glenn Bestebreur• Susan Reams• Keith Sattler• Sharon Dietrich, M.D.• Neilan McPartland• Brandon Bowden		<ul style="list-style-type: none">• Craig Marks, CEO• Merry Fuller, CNO/COO• David Rollins, CFO• Shannon Hitchcock, CCO (absent)• Kristi Mellema, CCQO• Bryon Dirkes, CHRO		<ul style="list-style-type: none">• Dr. Brian Sollers			
AGENDA		DISCUSSION		ACTION		FOLLOW-UP	
I. Call to Order		Meeting was called to order by Commissioner Kenny at 6:00 p.m.					
A. Pledge of Allegiance							
II. Public Comment		None.		None.		None.	
III. Approve Agenda		None.		Commissioner Dietrich made a Motion to approve the June 30, 2022, Agenda. The Motion was seconded by Commissioner Bestebreur and passed with 7 in favor, 0 opposed.		None.	
IV. APPROVE CONSENT AGENDA A. Board of Commissioners Meeting Minutes for June 30, 2022.		None.		Commissioner Sattler made a Motion to approve the Consent Agenda. The Motion was seconded by Commissioner Dietrich and passed with 7 in favor, 0 opposed.		None.	

B. Payroll & AP Vouchers #165938 through #166479 dated 06.23.22. through 07.20.22 in the amount of \$7,222,196.25.			
V. MEDICAL STAFF DEVELOPMENT DISCUSSION ACTION FOLLOW-UP			
A. Medical Staff Report and Credentialing			None.
1. Advancement from Provisional	Dr. Brian Sollers presented the following providers for Advancement from Provisional : Michael Parmley, MD – Locum Tenens privileges in General Surgery effective August 1, 2022 through January 31, 2024.	A Motion to approve the Advancement from Provisional Appointment and requested Clinical Privileges that were reviewed and recommended by the Department Chair, the Credentialing Committee and Medical Executive Committee for the following providers was made by Commissioner Reams and seconded by Commissioner Bowden. The Motion passed with 7 in favor, 0 opposed. <ul style="list-style-type: none"> • Michael Parmley, MD 	None.
2. New Appointments	Dr. Brian Sollers presented the following New Appointments : Sameh Salama, MD – Provisional/Locum Tenens Staff with requested privileges in General Surgery effective August 1, 2022 through January 31, 2023. Jung H. Kim, MD – Provisional/Locum Tenens Staff with requested privileges in Emergency Medicine effective August 1, 2022 through January 31, 2023.	A Motion to approve the New Appointments and requested Clinical Privileges that were reviewed and recommended by the Department Chair, the Credentialing Committee and Medical Executive Committee for the following providers was made by Commissioner Reams and seconded by Commissioner Bowden. The Motion passed with 7 in favor, 0 opposed. <ul style="list-style-type: none"> • Sameh Salama, MD • Jung H. Kim, MD 	None.

<p>3. Reappointment</p>	<p>Dr. Brian Sollers presented the following providers for Reappointment:</p> <p>Mimi Lee, MD – Reappointment to Telemedicine Staff with requested privileges in Neurology effective August 1, 2022 through July 31, 2024.</p> <p>Robert Lada, MD – Reappointment to Telemedicine Staff with requested privileges in Neurology effective August 1, 2022 through July 31, 2024.</p> <p>Biggya Sapkota, MD – Reappointment to Telemedicine Staff with requested privileges in Neurology effective August 1, 2022 through July 31, 2024.</p> <p>Gulam Ashfaq Khan, MD – Reappointment to Telemedicine Staff with requested privileges in Neurology effective August 1, 2022 through July 31, 2024.</p> <p>Michael Marvi, MD – Reappointment to Telemedicine Staff with requested privileges in Neurology effective August 1, 2022 through July 31, 2024.</p> <p>Lilith Judd, MD – Reappointment to Telemedicine Staff with requested privileges in Neurology effective August 1, 2022 through July 31, 2024.</p>	<p>A Motion to approve the reappointment and requested Clinical Privileges that were reviewed and recommended by the Department Chair, the Credentialing Committee and Medical Executive Committee for the following provider was made by Commissioner Dietrich and seconded by Commissioner Reams. The Motion passed with 7 in favor, 0 opposed.</p> <ul style="list-style-type: none"> • Mimi Lee, MD • Robert Lada, MD • Biggya Sapkota, MD • Gulam Ashfaq Khan, MD • Michael Marvi, MD • Lilith Judd, MD 	

VI. FINANCIAL STEWARDSHIP		DISCUSSION	ACTION	FOLLOW-UP
A. Review Financial Reports for June 2022 (Attachment O)	David Rollins presented the June 2022 Financial Reports.	A Motion to accept the Financial Reports for June 2022, was made by Commissioner Bowden, and seconded by Commissioner Bestebreur. The Motion passed with 7 in favor, 0 opposed.	None.	
VII. SERVICES				
A. 2022 Strategic Plan Semi-Annual Report (Attachment A)	All Pillar Champions gave a brief overview of the six pillars and goals for the 2022 Strategic Plan Semi-Annual Report: Financial Stewardship-David; Services-Shannon; Quality-Kristi; Medical Staff-Dr. Sollers; Employee Development-Bryon; and Patient Loyalty-Merry.	None.	None.	
B. Replacement Facility Update	Craig passed out several documents and briefly discussed the replacement hospital and updates on what Bouten has done for us and their speculation for Potential Bids for the Replacement Hospital.	None.	None.	
VIII. QUALITY		DISCUSSION	ACTION	FOLLOW-UP
A. 2022 Strategic and Patient Care Scorecard Review	Kristi Mellema gave an overview of the 2022 Strategic and Patient Care Scorecards.	None.	None.	
B. Legislative and Political Updates	Glenn Bestebreur gave a brief Legislative and Political Update.	None.	None.	

C. CEO/Operations Report	Craig provided a brief Operations Report based upon his written report included in the July Board Packet. Craig also encouraged everyone to attend the Annual Pool Party on August 19 th at EJ Miller Park (Attachment J1) .	None.	None.
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IX. ADJOURN

There being no further business to attend to, Commissioner Kenny adjourned the meeting at 8:04 p.m.

Vision

Patients
Employees
Medical Staff
Quality
Services
Financial



Prosser
Memorial Health

Mission: To improve the health of our community.

Values

Accountability
Service
Promote Teamwork
Integrity
Respect
Excellence

FINANCE COMMITTEE MEETING
Monday – August 22, 2022,
7:00 a.m. – Vineyard Conference Room
AGENDA

MEMBERS:

Keith Sattler
Neilan McPartland
Brandon Bowden

STAFF:

Craig Marks
David Rollins
Stephanie Titus

CALL TO ORDER

I. APPROVE MINUTES

Action Requested – July 25, 2022, Minutes

II. FINANCIAL STEWARDSHIP

A. Review Financials – July 2022 (Attachment X)

David

Action Requested – July 2022 Financial Statements

B. Review Accounts Receivable and Cash Goal

David

C. Voucher Lists

Action Requested – Voucher List - Payroll and AP Vouchers # 166480 through #167132
Dated 07-21-22 through 08-17-22 in the amount of \$6,446,637.88.

David

D. Capital Equipment Request-Family Birthplace Sofa Sleepers (Attachment P)

David

Action Requested - Sofa Sleepers (4) not to exceed \$28,303.29.

III. ADJOURN

Vision

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FINANCE COMMITTEE MEETING		July 25, 2022	VINEYARD CONFERENCE ROOM	
				GUESTS
<ul style="list-style-type: none">• Keith Sattler• Neilan McPartland• Brandon Bowden		<ul style="list-style-type: none">• Craig Marks, CEO• David Rollins, CFO-absent• Stephanie Titus, Director of Finance Operations		
AGENDA	DISCUSSION	ACTION	FOLLOW-UP	
I. CALL TO ORDER	Keith Sattler called the meeting to order at 7:07 a.m.			
II. APPROVE MINUTES		A motion to approve the Finance Committee Meeting Minutes for June 27, 2022, as presented was made by Keith Sattler. The motion was seconded by Brandon Bowden and approved.	None.	
III. FINANCIAL STEWARDSHIP A. Review Financials – June 2022 (Attachment O)	Stephanie reported Net Income of \$1,409,214 in June and Gross Charges were \$22,496,888 which was 16% higher than budget for the month and 27% greater	A motion to recommend acceptance of the June 2022 Financial Statements as presented to the PMH Board	None.	

	<p>than the prior year. Net Operating Revenue came in at \$8,390,823 (7% over budget).</p> <p>Expenses were \$6,854,197 in June and 5% under budget driven by salaries lower than budget due to vacation impacts and slightly lower supply costs. Surgeries were 337 vs 185 budget and ER visits were 1,419 vs 1,068 budget.</p> <p>Cash Flow was \$825,263 for the month and \$385,196 YTD. AR stayed at a net 55 days overall.</p> <p>Continued to discuss and show progress in Revenue Cycle to reduce Days in AR > 90 and the continuing recent shift from Bad Debt to Charity.</p>	<p>of Commissioners was made by Neilan McPartland. The motion was seconded by Keith Sattler and approved.</p>	
<p>B. Review Accounts Receivable and Cash Goal</p>	<p>AR stayed at 55 net days overall as Collections were a record \$7,963,549 but goal still was aggressive at \$8,710,359. POS collections were \$25,580 exceeding a budget of \$15,000 and prior year \$15,619. POS collections YTD are \$211,717 versus \$90,000 budget and \$103,985 prior year.</p>	<p>None.</p>	<p>None.</p>
<p>C. Voucher Lists Payroll and AP Vouchers #165938 through #166479 Dated 06.23.22 through 07.20.22 in the amount of \$7,222,196.25.</p>		<p>A motion to recommend acceptance of the June 2022 Financial Statements as presented to the PMH Board of Commissioners was made by Keith Sattler. The motion was seconded by Neilan McPartland and approved.</p>	<p>None.</p>

IV. ADJOURN			
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Having declared no further business, the meeting was adjourned at 7:48 am.
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MEMORANDUM

**TO: BOARD OF COMMISSIONERS
PROSSER MEMORIAL HEALTH**

FROM: CRAIG J. MARKS, CEO

DATE: August 2022

RE: CEO REPORT

SERVICES

1. Replacement Facility Update

For the first time since we began our Replacement Facility Project, specific reports are starting to emerge about the increasing costs locally and across the country related to hospital construction projects. We recently learned about a project in Iowa that came in 33% over budget (**Attachment A**). Locally, we learned that the Moses Lake (Samaritan Healthcare) replacement hospital project came in approximately \$31 million (20%) over their budgeted Guaranteed Maximum Price (GMP). As a result, Boards face tough decisions as to whether to proceed with their projects. It appears that hospitals that have the financial means are continuing with their projects (Iowa) and those that do not (Moses Lake) are considering other options such as a phased construction approach or pursuing a tax levy to help pay the additional cost. It should be noted that Moses Lake is not a Critical Access Hospital (CAH), so Medicare and Medicaid will not help them cover the increased costs like they will for our project. It does appear; most hospitals are doing everything possible to complete their project sooner rather than later as prices are forecast to remain fairly stable and interest rates are projected to continue increasing, driving up the cost of construction loans. We continue to pursue our project aggressively as reflected in the August Monthly Progress Report from our Owner Representatives-NV5 (**Attachment B**); minutes from our last Project Team Meeting (**Attachment C**); and the project schedule for the next four months (**Attachment D**). To assist in compartmentalizing the project, we will continue to use the following areas: Design; Construction/ Schedule/ Budget; and Financing.

A. Design

At the end of July, our design team (bcDG) completed making value engineering (VE) changes to our plans and submitted construction documents to Bouten Construction, which were released with each bid package on August 1st. Our design team and NV5 are currently working with several regulatory agencies (e.g., Department of Health, City of Prosser, USDA) as they review the documents and submit questions/comments to them. One of the challenges we face is that the lead reviewer from the DOH for our project resigned. Several additional staff have now been assigned to our project, but we do not know what impact this change will have on our project and our schedule. We hope to have more information regarding this change and the progress being made with each agency

at the August Board Work Session. Representatives from bcDG will not be here for the meeting but will be available virtually. Our entire project team, including legal counsel, has been working with us to reach an agreement with the City of Prosser regarding the needed Mitigated Determination of non-significance (MDNS), which is the key to us receiving State Environmental Protection Agency (SEPA) approval and our final Certificate of Need (CON). We have reached an agreement **(Attachment E)** which enables us to keep moving forward. This agreement will be discussed at the Work Session along with our plan to create a Development Plan with the City to defer Gap Road frontage improvements until more is known about future development in the area. The acceptance of the MDNS by the City allows us to pursue a building permit for our project **(Attachment F)** while we work on a deferral Development Plan in the coming months. Our final design topic relates to the relocation and burying of the Sunnyside Valley Irrigation District (SVID) overflow canal on our property. We are currently working with them to minimize the size of the easement they need so as not to negatively impact any future development we would like to do on our property. This will also be discussed at the August Board Work Session.

B. Construction/Schedule/Budget

While we are currently under contract with Bouten Construction to complete all pre-construction services including the establishment of a MACC, we are also negotiating with them for construction management services (GC/CM). These contracts are called A133 and A201 and are essentially the same contracts we had with Graham Construction, except all the pre-construction language is removed. While the details are being worked out this week, a draft A133 **(Attachment G)** and A201 **(Attachment H)** will be included in this packet. I have also included what was originally bid by each GC/CM including Bouten **(Attachment I)**. These agreements will be discussed at the Board Work Session and the Board will be asked to approve them at the August Board Meeting if we complete negotiations. If we do not, the Board will be asked to approve them at the September 8th Special Board Meeting. It is important to remember that the USDA must also approve these contracts, so we want to give them as much time as possible for review. Bouten began the bidding process for our project on August 1st with the release of 35 bid packages **(Attachment J)**. The results of this first bid package opening on August 23rd will be shared at the Board Work Session and the other bid openings will be used to establish a MACC for our project and shared with the Board at the September 8th Special Board Meeting. Bouten plans to share a proposal for the Board to consider which will establish an Initial MACC for the project, **(Attachment JJ)** including electrical (Garrett) **(Attachment K)** and mechanical (Apollo) **(Attachment L)** services. This proposal will be discussed at the Board Work Session and the Board will be asked to approve it at the August Board Meeting. The rationale for the Initial MACC is that it will save considerable costs (e.g., avoid a prevailing wage increase September 1st) and help keep the project on schedule (order mechanical equipment with long lead times). At this time, there have not been any schedule changes as outlined in **(Attachment D)**. The budget is also unchanged from Bouten's MACC estimate **(Attachment M)** and NV5's total project estimate **(Attachment N)** and will not be modified until we have a MACC/GMP.

C. Financing

While we wait to learn what the MACC and GMP will be at the end of August, Gary Hicks and the PMH team are preparing for ways to obtain additional funds if needed. The most favorable option would be to pursue additional funds from the USDA. Based on our current financial performance and the completion of a revised feasibility study by DZA, we anticipate having the financial strength to approach the USDA one more time for additional funds if the Board agrees. A draft resolution **(Attachment O)** is included in the packet as a model for a document that the Board may be asked to approve on September 8th. In addition, we continue to consider the use of equipment leases, PMH equity (cash), capital equipment expenditure reductions, etc. as ways to fund any unfunded portions of the project. We are especially concerned about the rising interest rates, which will significantly impact our construction loan. Gary Hicks will present his current ideas at the August Board Work Session and will develop a total financing plan for the Board to approve on September 8th. Everything hinges on our bid results, which we are all anxiously awaiting.

2. Capital Expenditure

Sometimes, despite our best efforts to plan, the plans do not workout. That is the case with our sofa sleepers (4) in our Family Birthplace LDRPs. We had hoped that our current sofas would last until we opened our new hospital. Unfortunately, however, the sofas are worn out and in despair. Fortunately, when we recently visited Chicago, we trialed many sofa sleepers for the new hospital and selected the Wieland; **(Attachment P)**. After our visit, the Family Birthplace received a demo and has been trialing it for several months. Due to the cost to repair and maintain our current sofas, we are recommending that they be replaced now (at a cost not to exceed \$28,303.29 and brought with us to the new hospital. This same sofa sleeper is also planned to be used throughout the new hospital which will allow us to fully test it before purchasing 20+ more. This proposed purchase will be discussed at the Board Work Session and the Board will be asked to approve it at the August Board Meeting.

3. Community Support

One thing that has not and will not change, regardless of the challenges we face, is our support of our greater community. We have also been blessed with a community that returns that support! An example of this was our recent sponsorship of a community 3 on 3 basketball tournament. Our support of our youth has, and will, continue to be strong. This past week we sponsored the Yakima Valley Fair and Youth Livestock Auction in Grandview. In addition to sponsoring the event, we also purchased a goat, steer, and two lambs to demonstrate our support of our youth learning about business, accountability, and hard work through raising an animal and selling it at an auction. Congratulations to all the area youth that participated in the event! We also like to support other local

agencies that support our youth and community. To that end, Dr. Brian Sollers and I agreed to participate in the Boys and Girls Club Dunk Challenge. This contest helps raise needed funds for the Club and enables the winner to dunk one of the other contestants. At the time of my writing this, I am near the top of funds raised, but I could use more support. If I win, several individuals including Dr Sollers' children, have informed me that Dr. Sollers needs a good rinsing! This is how we care!

4. Laundry Update

In May, we announced that we were planning to outsource our laundry to Oregon Correctional Enterprise (OCE) for all PMH laundry. OCE is utilized by the three Tri-City and Walla Walla hospitals with excellent results. OCE will pick-up PMH laundry five times per week, take it to their facility where it will be cleaned, folded, sorted and packaged into bins and returned to PMH within 48 hours. This change will officially begin on Monday, August 22nd. Our current laundry staff are being integrated into hospital environmental services functions, with no loss of hours or pay. While most hospitals made this type of change years ago, it is never easy. More importantly, I want to thank our dedicated, hardworking laundry staff, Deanna Bridger and Angelita Rojas-Gonzalez, who have supported us without fail throughout the years. Thank you and we look forward to continuing to work with you in your new roles!

Medical Staff Development

1. Radiologist Services

For the past 3+ years Dr. Jeffrey Zuckerman and his colleague Dr. Thomas Ballard have provided radiologist services at PMH. Unfortunately, Dr Zuckerman recently gave us his six-month notice and a plan to relocate to Puerto Rico (**Attachment Q**). Dr. Zuckerman has greatly expanded the radiology services in a high-quality fashion at PMH. Please join me in wishing him the best in his new adventure! As a result, we began recruiting efforts immediately on our own and have also contracted with Merritt Hawkins (a national recruitment firm) to assist us. We currently have several candidates that we identified and are conducting preliminary interviews with them. We expect to receive candidates from Merritt Hawkins in the coming weeks. We are also talking to Dr. Ballard about his future plans and how they might help support our needs at PMH. Six months is a very short time frame, so we are aggressively attacking this challenge.

2. Medical Staff Recruitment

With the announcement from Dr. Zuckerman, the recruitment of a radiologist became our number one priority. Nationally, there is a shortage of radiologists, especially ones that read all radiology modalities (e.g., CT, mammography, nuclear medicine, MRI, etc.) and perform some invasive procedures (e.g., biopsies) like Dr. Zuckerman does. It is anticipated that it will take at least 4- 6 months, or even longer, to have someone here working. As a result, Aurora Weddle and Merry Fuller are working on contingency plans if it takes longer. In the meantime, we continue to recruit for orthopedic surgery, physiatry, emergency medicine, endocrinology, and gastroenterology. We are currently interviewing candidates in all of these specialties, with the exception of endocrinology where there are very few candidates. In addition to phone interviews, we are also hosting the best candidates for site visits and have several scheduled in the coming weeks. As a result of our continued growth throughout PMH, we recently hired several Advanced Practice Clinicians (APCs) to work in our Emergency Department and we are currently recruiting APCs for gastroenterology and dermatology. One last note, we are also assisting Horse Heaven Anesthesia in their recruitment of a fifth CRNA as surgical volumes continue to increase.

3. Medical Staff Activity

The Medical Staff continued to be active during the second quarter of 2022 dealing with typical Medical Staff activities (e.g., quality review, review and approval of policies), while also dealing with the largest volumes PMH has ever experienced (**Attachment R**). One of the major reasons for this is the growth of our Medical Staff in numbers and by specialty. This growth impacts all Medical Staff committees and is being handled well by the entire team. Our Medical Staff continues to support our Mission, Vision and Values and is leading us to a place we have never been before.

4. Sollus Northwest Family Medicine Residency Program

We were recently notified by Dr. Katherine Norris, Residency Program Director, that Dr. H. Benno Marx will no longer serve as part of the core faculty for their Residency Program (**Attachment S**) Dr. Marx has served the students and residents in this area for many years and I would like to wish him well as he eases into retirement. As we grow, the Residency Program plans to take advantage of our outstanding physicians and expand into radiology, cardiology, gastroenterology, and dermatology in the near future. This Residency Program is a major supplier of physicians for rural communities all across the country, including the Yakima Valley, and is one we will continue to support.

Employee Development

1. Employee Engagement

For the first time in three years, we are busy preparing for our Annual Employee Pool Party on August 19th (**Attachment T**). This is an opportunity for our team to bring their families to an end of summer celebration. The event includes barbecue (hot dogs) dinner with all the fixings, games for everyone, and access to the Prosser Swimming Pool from 6:00 p.m. to 10:00 p.m. The forecast is for a beautiful evening and over 450 team members and their families are planning to attend. Outstanding! I look forward to seeing you all Friday! The employee newsletter, The Pulse, highlights some of the activities and recognitions that were held throughout the past month including the LDI, Summer Social, ASPIRE awards, and new employee orientation (**Attachment U**).

2. Bucket list

With the assistance of the PMH team, I recently celebrated a significant (?) Birthday. One of the suggestions by a staff member (Merry Fuller) was to have staff submit items I should complete before I kick-the-bucket. I received 103 suggestions (**Attachment V**), with various levels of urgency. I did learn that many staff want me to die sooner rather than later (e.g., skydive, swim with sharks). Many of the suggestions were great and I look forward to doing them. One of them that caught my eye was the idea to replace my current mask, which is old (6+ months) and a little worn. I have not replaced it as my own little protest against the Chinese government and my desire not to give them any more money. I do, however, understand the need to replace the mask (even though I have not gotten COVID-19 or even a cold) and have challenged our team to raise \$500, which I will personally match, to burn the mask and replace it with a new one (**Attachment W**). All funds raised will be donated to the PMH Foundation for our new hospital. We currently have raised \$550, and I look forward to writing a \$550 check to the PMH Foundation!

Financial Stewardship

1. Financial Performance- July

In most hospitals I have worked, the patient volumes and financial performance declined in the summer months. That is certainly not the case at PMH as we continue to have strong volumes, revenue, and financial performance (**Attachment X**). Our gross revenue in July was 15% better than budget and 21% better than last July. Unfortunately, most of the positive budget variance was eaten up by deductions and contractual allowances. With the addition of \$107,208 of COVID-19 Relief Funds, our net revenue for July was \$10,479 better than budget. With the recognition of these COVID-19 Relief Funds, we now have \$38,580 remaining in the fund (**Attachment Y**), which will be used next month. In total, we will have recognized approximately \$1.8 million of COVID-19 Relief Funds in 2022. July was a good month for expenses as we were \$59,760 (1%) better than budget despite our high volumes. After accounting for non-operating revenue, our net income for July was \$533,224 or 20% better than budget.

As we continue to have strong financial months, our year-to-date performance continues to be strong. Our gross and net revenue are better than budget and our expenses are under budget. As a result, our year-to-date net income is \$5,672,321, which is 69% better than our budget. Also on a positive note, we experienced \$311,339 of positive cash flow in July, and year-to-date have a positive cash flow of \$696,535. Our operating margin (11.3%) and total margin (10.8%) are also significantly better than our Pillar Goal of 6%. While we are performing very well financially, hospitals across the country continue to struggle. For example, Providence Health announced today that their 52 hospitals have lost \$934 million in the first six months of 2022. Our strong financial performance and balance sheet sets us apart from many hospitals and will hopefully be reviewed favorably by the USDA if we pursue additional funding from them.

2. PMH Foundation Update

The 2nd Annual Wine Country Classic Golf Tournament will be held Friday, September 9 at Canyon Lakes Golf Course. Check-in begins at 7 am, play begins at 8 am. We have 32 teams signed up and \$36,550 in sponsorships to date. We can have a total of 36 teams total. We will have great contests and prizes to give out with an all-you-can-eat taco bar for lunch to cap things off!

Capital Campaign Update: A letter from Shannon Hitchcock was sent to all donors, prospective donors, and community partners regarding the progress on the New Hospital project as we understood there was misinformation in the community about the project. We will have another update after the special Board of Commissioners meeting on September 8. It is our hope to break ground this fall and launch the public fundraising phase of the capital campaign. As you know, demonstrating internal support for the project is also important for the USDA. To date we have support from the following internal stakeholder groups:

- Leadership Team: 100%
- Board of Commissioners: 75%
- Foundation Board Members (who are not also Commissioners): 36%
- Staff: 26%
- Medical Staff: 15%

We have sold \$4,500 in bricks toward the capital campaign as well. We will advertise this to the public once we break ground as well.

QUALITY

1. Legal Manual

In the 2022 Board Action Plan, the Board indicated that they would like to learn more about their legal responsibilities, conflicts of interest, and the potential liabilities of governance. To assist in this education process, I have obtained a recently updated Legal Manual for Washington Public Hospital Districts from Matt Ellsworth at the Association of Washington Public Hospital Districts (**Attachment Z**). This manual is very comprehensive and should answer many questions Board members have. I also spoke to Matt about getting an attorney or other expert in this area to speak to our Board. I will seek feedback from our Board regarding the manual and whether it was helpful before I arrange a speaker. As a side note, while there are thousands of rules/laws we must follow, PMH is doing a good job of adhering to them.

5. August Board Meetings

The August Board Work Session will primarily be used to discuss the different aspects of our Replacement Facility Project including: MDNS/ SEPA; SVID; regulatory reviews; bid process update; GC/CM contract; electrical and mechanical mini-MACCs; schedule budget; and financing. We will also be prepared to discuss the proposed acquisition of four sofa sleepers for the Family Birthplace. At the August Board Meeting the Board will be asked to approve: the purchase of the four proposed sofa sleepers; GC/CM contracts with Bouten Construction; an electrical Mini MACC with Garrett Electric; and a mechanical Mini MACC with Apollo Heating and Air Conditioning.

If you have any questions regarding this report, or other hospital activities, please contact me at (269) 214-8185 (cell), (509) 786-6695 (office), or stop by and see me at the hospital.

33% budget hike OK'd for U of Iowa hospital project

The University of Iowa's Board of Regents approved a 33 percent increase for a hospital construction project, the [Des Moines Register](#) reported July 27.

University of Iowa Health Care attributed the need to rising inflation and a workforce shortage, according to the report. Ripple effects of the war in Ukraine were also cited.

The construction of a new hospital, as well as more academic, research and clinical space on a 60-acre campus in North Liberty, Iowa, originally was expected to cost \$395 million, according to the report. The project is now expected to cost \$525.6 million.

The board approved the project in 2021, and construction began in October, according to the report. It is expected to finish on time in 2025. Construction is being financed with hospital revenue bonds, donations and building usage funds. It is not using state or tuition dollars.

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**Prosser Public Hospital District
Prosser Memorial Health Replacement Hospital
Progress Report**

DATE: August 12, 2022

I. PROJECT TEAM:

Prosser Memorial Health (PMH)	Owner
NV5	Owner's Representative
bcDesignGroup (bcDG)	Architect/Design Team
Henderson Engineering	Security, Low Voltage, Audiovisual Design
Gary Hicks Financial, LLC	USDA Application Consultant
Perkins Coie	General Counsel
R&B Genesis (Mitchell)	Medical Equipment Planner
GeoProfessional Innovation	Geotechnical Engineering Services and Construction Materials Testing & Inspection Services
CBRE Heery	Commissioning Agent
OpenSquare	Furniture Vendor
Bouten Construction	General Contractor as Construction Manager

II. PROGRESS:

- A. Contracts – The following is a status of professional services agreements:
- a. Agreements, contracts and/or amendments *executed this period*:
 - i. Graham Construction, final change order for termination of Construction Management services contract. NV5 facilitated the execution of a final change order which covers work that was completed by Graham and its subcontractors during preconstruction that was beyond the original scope of services, especially work conducted under the Early Procurement contracts for the joist and deck, and pneumatic tube system contracts.
 - b. Agreements, contracts and/or amendments *in process this period*:
 - i. Bouten Construction, Contract for Construction Management services (A133 and A201). NV5 is working with Bouten, Perkins Coie, and PMH to finalize contract terms. The team intends to have a contract ready for PMH approval and execution by all parties by the end of August.
- B. Site Development and Coordination
- a. Water & Sewer Service – The City water and sewer expansion project is complete and the PMH site is now served by water and sewer utility mains. The construction team will coordinate new water and sewer service connections to the new building once the building construction is underway.
 - b. Sunnyside Valley Irrigation District (SVID) – The project team continues its coordination efforts with SVID to relocate the existing irrigation overflow channel so that it is underground and routed along the western boundary of PMH's property. NV5 is working to engage a surveyor to stake the existing utilities, so that SVID can plan a feasible route. The final route will need to be approved by the US Bureau of Reclamation, so NV5 is gathering the data on what this process entails. In the event the USBR process is too lengthy, the contingency plan would be to maintain the ditch's current routing through the middle of PMH's property.
- C. Design – Building



- a. bcDG is working with Bouten to respond to any bidder comments. They are also finalizing the “front-end” specifications, which define procedures for contracting, and these will be issued to prospective bidders. Finally, bcDG is working to address any other comments received from stakeholders which concern value engineering, constructability and/or permitting.

D. Permitting

- a. Certificate of Need (CoN)
 - i. CoN Application – While the Department of Health agreed an Intent to Issue a Certificate of Need on November 4, 2021, they require an approved State Environmental Protection Agency (SEPA) application prior to issuing the actual Certificate of Need. The SEPA application was submitted to the City of Prosser on February 9, 2022 and was thereafter forwarded to the State for a mandatory Public Review period.
 - ii. On April 4, the City issued their draft “Mitigated Determination of Non-significance (MDNS),” which is a result of the SEPA application, associated traffic studies, and Prosser Municipal Code. The team negotiated the terms of the MDNS, and as of August 10, the City marked the MDNS as “final,” and uploaded it into the SEPA portal. We now have a 21-day period where the public may protest the MDNS, though the City does not anticipate anyone doing so. We anticipate the SEPA being approved by August 31, 2022 at the earliest.
 - iii. Once the SEPA is approved, the State Department of Health will issue the Certificate of Need.
- b. State
 - i. The State Department of Health (DoH) reviewed the 100% Construction Documents and distributed their comments to the team on April 4, some of which cannot be resolved until final inspections are complete after construction. The design team issued comment responses to the DoH on June 30, 2022 and will follow up to reach a resolution. Matthew Campbell was the lead representative from the DoH on this project, but he has left the Department. The project team is now coordinating with Kevin Scarlett, who has taken over Matthew’s workload. The team is working to manage this change and minimize any risk to the current review process.
 - ii. The DoH did assure PMH, however, that their review process should not preclude the Team from breaking ground on the project. All comments must be resolved prior to receiving a license to operate as a healthcare facility.
 - iii. Henderson Engineers submitted the 100% Construction Documents to the Department of Labor and Industries (DL&I) for a technical review of the electrical systems. The design team issued comment responses to the DL&I on June 30, 2022 and will follow up to reach a resolution.
- c. City
 - i. On April 20, the City building inspector indicated that they would issue a building permit once the State Department of Health (see item II.D.b, above) issued their concurrence for construction.

E. USDA Approval

- a. USDA returned project review comments to the team on August 8, 2022, which include items from the project contracts and the design documents. The project team is working to resolve these comments as soon as possible.
- b. NV5 is working with the USDA to ensure they continue to review the project in a timely manner.

F. Pre-Construction

- a. As noted above, the project team is reviewing contract comments with Bouten for Construction Management services during the preconstruction and bidding (MACC) phases

of this project. In the interim, Bouten is engaged providing preconstruction services to include: value engineering, constructability reviews, bid package creation and MACC bid procurement.

- b. Bouten held a virtual pre-bid conference for all interested parties (i.e. bidders) on August 10, 2022. Bouten felt that turnout was very good, with ~30 participants—higher than they've seen recently on other projects. This meeting served to inform bidders as to the nature of the project and the overall bid process.

G. Operations / Activation

- a. The project team intends to reconvene monthly operations meetings later in 2022. The meetings are intended to plan and strategize for the operational shift that will occur when PMH moves from their existing facility to the new facility in 2024.
- b. NV5 and PMH are working on a structure and objectives for these operations meetings prior to commencing the meeting cadence.

III. PROCUREMENT:

- A. Maximum Allowable Construction Cost (MACC) – via Bouten Constructicon
- B. Upcoming project team members to procure include:
 - a. Art Consultant, 2023.
 - b. Signage Design and Fabrication vendor, 2023.

IV. SCHEDULE:

See 4-month look ahead schedule, attached herewith.

- A. MACC bid process – August 2022
- B. MACC available for team review – September 2022
- C. USDA Contracts and Design Review – Ongoing thru Summer 2022
- D. Notice to Proceed (NTP) with Construction – October 2022

V. BUDGET

- A. NV5, with support from the project team, issued a revised master project budget on July 27, 2022. This budget attempts to capture current cost projections from Bouten, as well as inflation effects on medical equipment, kitchen equipment and furniture.

VI. PROJECT CHALLENGES / RISKS:

- A. **USDA** – As noted in previous reports, Gary Hicks Financial and Health Facilities Planning & Development are providing guidance to the project team for the USDA application process. The project is currently in contract review and design review with local and regional USDA representatives, which is a necessary step in order for USDA to provide final funding approval and concurrence for construction. Despite a concerted effort to provide USDA with information in an organized fashion and in a timely manner, it has been a challenge to understand USDA's expectation of timing needed to complete their review. The team continues to check in with USDA regularly and remind them of PMH's need to move forward expeditiously.
- B. **Construction Cost(s)** – As noted in previous reports, the project team continues to experience volatile cost variability and increases in the market for materials and labor. The team is working to mitigate this risk by conducting a thorough value engineering effort and reconsidering the options for general contracting.
- C. **Traffic Study** – The City of Prosser indicated that per their development regulations PMH may be required to improve Gap Road in the immediate vicinity of the property in order to accommodate

future traffic loads. The extents and scale of the improvements were determined by the outcomes of the City's and PMH's traffic studies. On behalf of PMH, the Project Team continues to advocate that any road improvements due to the Hospital construction, and therefore paid for by the project, should be minimal. As noted above, Perkins Coie is reviewing the matter and will advise PMH. In addition, the City indicated on May 2, 2022 that PMH will need to comply with WSDOT's requirement that an Intersection Control Evaluation (ICE) study be completed. bcDG is leading this effort with their subconsultant, Transpo Group. The study is complete and as of July 26, 2022, it is with WSDOT for approval, which could take 4 months or more. The finalized MDNS, noted in item II.D.iii. above, incorporates the ICE as a requirement for the building to be occupied (Certificate of Occupancy). The team is working to minimize any improvement requirements identified through the MDNS and ICE processes.

VII. NEXT STEPS:

- A. Obtain Final Permits and Approvals for Construction (summer 2022)
- B. Obtain MACC (fall 2022)

VIII. ATTACHMENTS:

- A. 4-month look ahead schedule

4 Month Outlook

AUGUST 2022

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
31	01	02	03	04	05	06
					PROJECT TEAM MEETING	
07	08	09	10	11	12	13
					PROJECT TEAM MEETING	
14	15	16	17	18	19	20
					PROJECT TEAM MEETING	
21	22	23	24	25	26	27
		BID OPENING #1		BID OPENING #2		
		BOARD WORKSESSION		BOARD MEETING		
28	29	30	31	01	02	03
		BID OPENING #3	**SEE ATTACHED APPENDIX FOR BID PACKAGE DESCRIPTIONS**			
04	05	06	07	08	09	10

SEPTEMBER 2022

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
28	29	30	31	01	02	03
				ROUTE ISSUES THE MACC	PROJECT TEAM MEETING	
04	05	06	07	08	09	10
				SPECIAL BOARD MEETING	SUBMIT TO USDA FOR ADD'L FINANCING	
				Review and approve Maximum Allowable Construction Cost (MACC)	CITY ISSUES BUILDING PERMIT	
					PROJECT TEAM MEETING	
11	12	13	14	15	16	17
	UPDATED FEASIBILITY STUDY FROM DZA				PROJECT TEAM MEETING	
18	19	20	21	22	23	24
					PROJECT TEAM MEETING	
25	26	27	28	29	30	01
	USDA DECISION ON ADD'L FINANCING	BOARD WORKSESSION		BOARD MEETING	STATE ISSUES CERTIFICATE OF NEED	
02	03	04	05	06	07	08

LEGEND

IN PERSON MEETING NV5 & BCDS ON SITE UNLESS OTHERWISE NOTED	ONLINE MEETING	PMH MEETING NO ATTENDANCE BY PROJECT TEAM	HOLIDAY
	DELIVERABLE		FOR BOARD APPROVAL

4 Month Outlook

OCTOBER 2022

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
25	26	27	28	29	30	01
02	03	04	05	06	07	08
09	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	01	02			

Items to be rescheduled:

- NEW FACILITY OPERATIONAL MEETING (NV5-Led)
- NEW FACILITY OPERATIONAL MEETING (Merry-Led)

NOVEMBER 2022

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30	31	01	02	03	04	05
06	07	08	09	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	01	02	03
04	05	06	07	08	09	10

PMH - Bouten MACC Bid Package Breakdown

8/23/22

1. BP-01 Earthwork & Site Utilities
2. BP-02 Building Concrete
3. BP-03 Structural Steel Supply
4. BP-04 Structural Steel Erect
5. BP-05 Metal Building
6. BP-06 Applied Fireproofing
7. BP-07 Masonry
8. BP-08 EIFS
9. BP-09a Roofing
10. BP-09b Sheet Metal/Flashing
11. BP-10 Metal Panel
12. BP-17 Framing, Drywall, Insulation

8/25/22

1. BP-11 Glazing/Storefront/ICU Doors
2. BP-13 Casework & Millwork
3. BP-14 Door & Hardware Supply
4. BP-16 Overhead Coiling Doors
5. BP-18 Floor Coverings
6. BP-19 Terrazzo Flooring
7. BP-20 Ceramic Tile
8. BP-21 Acoustical Ceilings and Treatments
9. BP-29 HVAC & Plumbing (Pre-approved MCCM)
10. BP-30 Electrical & Systems (Pre-approved ECCM)

8/30/22

1. BP-12 General Works
2. BP-15 Door & Hardware Install
3. BP-22 Paints and Coatings
4. BP-23 Wall Coverings
5. BP-24 Interior Specialties
6. BP-25 Window Coverings
7. BP-26 Elevators
8. BP-27 Pneumatic Tube
9. BP-28 Fire Suppression
10. BP-31 Asphalt Paving and Markings
11. BP-32 Site Concrete
12. BP-33 Landscape & Irrigation (Design-Build)
13. BP-34 Fencing

Owner Team Meeting Minutes

Meeting #	20220819	Date:	Meeting: Friday, August 19, 2022 Issued: Friday, August 19, 2022	
Time & Location:	9:00amCT/8:00amMT/7:00amPT MS Teams Video Call	Prepared by:	Adam Trumbour – NV5	
Attendees: ✓ = Attended Meeting	<u>PMH</u> Craig Marks ✓ David Rollins ✓ Merry Fuller ✓ Phillip Braem Bryon Dirkes Rey Rodriguez ✓ Dr. Brian Sollers			
	<u>NV5</u> <u>BCDG</u> <u>Finance Consult.</u> <u>Bouten</u> Paul Kramer ✓ Kurt Broeckelmann ✓ Gary Hicks ✓ Brandon Potts ✓ Adam Trumbour ✓ Brooke Cinalli Mac McGrath ✓ Braden Demmerly ✓ Hilary Beashore ✓ Sean Gossett ✓ Lance White Nick Gonzales			
	Attendees			

PMN = Post Meeting Note

For minutes from prior weeks, please reference previously issued minutes.

No	Item	Date Due By	Ball in Court
1.	GENERAL / ADMINISTRATION		
1.1.	<u>Project Goals, Objectives, & Strategies</u> 24Jun22 – Adam to send to Hilary; may resolve on site.	IN PROGRESS	Team
1.2.	5Mar21 – Graham Team	CLOSED	
1.3.	5Mar21 – NV5 Transition	CLOSED	
1.4.	<u>Contracting Realignment</u> 17Jun22 – NV5 received comments from Bouten. Both parties are working to reach an agreement. PMH would like a completed contract to recommend to the board at the June work session, for approval at the June 30 board meeting. 24Jun22 – The Bouten preconstruction agreement is fully executed. A201 comments sent to PK on 6/23; PK responded to A133 comments responded this morning. PK and Bouten to agree on approach to deliver contract for board work session, including resolving all comments. 8Jul22 – NV5 to meet with Bouten on contract adjustments/review needed on A201. 22Jul22 – Team hopes to present contract for board approval and execution in August. 28Jul22 – A133 and A201 need to be finalized ASAP for USDA review. A133 is close to completion, A201 needs review by Bouten. Bouten history is that USDA signs the contract with everyone in the room (ie signing party). 12Aug22 – Adam to check with PC on this. Ideally these are ready for the August work session since we need them ready ahead of the September 8 special meeting. 19Aug22 – In Bouten’s court for review as of 8/17/2022. Brandon is hoping to review by Monday.	IN PROGRESS	
2.	SCHEDULE		
2.1.	4 Month Look-Ahead Schedule	INFO	

Owner Team Meeting Minutes

2.2.	<p><u>In-Person Meetings</u> As noted at the end of meeting minutes. 28Jul22 – Next in-person meeting will be August 23 for work session and bid openings on 8/23 and 8/25. Also bid opening on 8/30. 5Aug22 – PMH prefers that we review the additional financing needs with the board at the August board session. Likewise, with MDNS: inform board about forthcoming Development Agreement.</p>	INFO	
2.3.	<p><u>Overall Project Schedule</u> 13May22 – NV5 to prepare revised project schedule for presentation to the Board, for team review on 5/20/22. What makes sense for a construction start date, to avoid winter weather costs (e.g. temporary heat)? Team to review with forthcoming replacement general contractor. ICE may hold up CoN issuance, which may hold up building permit issuance, which could push construction start to the fall. 20May22 – NV5 to provide two schedule possibilities: proceeding with a GCCM, or re-bidding as a stipulated sum project. PMN: schedule will be updated subsequent to negotiations. 5Aug22 – NV5 is working on a new master schedule, which combines the GCCM realignment schedule and the previous master project schedule.</p>	IN PROGRESS	NV5
3.	BUDGET		
3.1.	Budget Development	INFO	
3.2.	Medical Equipment (Major and Minor) (moved to item 4.12)	INFO	
3.3.	<p><u>DZA Feasibility Study</u> 8Jul22 – Updated feasibility study to be completed by 9/6. 19Aug22 – DZA needs the final MACC in order to finalize the study.</p>	9/6/22	DZA, GLH, PMH
3.4.	<p><u>Financing</u> 6May22 – Gary will continue working with PMH to identify financing options, however, final financing should not occur until the firm, fixed price construction cost is identified. 20May22 – Team is still working on the letter of conditions for USDA. 3Jun22 – USDA wants the Attorney’s Opinion of RoW prior to proceeding. Need the easements to be recorded prior to this happening. Water and sewer easement should be on the June 7 council meeting agenda for signature. Team aims to finalize these by June 10. 17Jun22 – Gary feels USDA will need minimum 2-4 weeks for additional financing approval, with an additional 2-4 weeks for DZA to update the feasibility study (total of 4-6 weeks). 24Jun22 – Gary and David are working on additional funding. 8Jul22 – Gary to follow up with USDA re additional funding. 22Jul22 – Gary to review USDA communications with Craig and David. Bouten is working to steer communications regarding subcontracting community and availability of funds for this project to ensure they understand the project is funded. 12Aug22 – Lease financing conversations continue; lease financing RFP should be issued the week of 8/15/2022. Gary intends to submit a revised funding request to USDA the same week. A formal application to USDA will be submitted on 9/9, subsequent to Board approval of the proposed MACC on 9/8. 19Aug22 – Gary is working through additional financing.</p>	IN PROGRESS	

Owner Team Meeting Minutes

4.	PROCUREMENT / OWNER-LED ACTIVITIES		
4.1.	GC/CM RFP	CLOSED	
4.2.	<p><u>Furniture & Demonstration Furniture</u> 13May22 – OS to prepare final package for next week. OS is also researching the most reasonable procurement timeline (buy furniture upon construction commencement and pay for warehousing vs. risk of inflation year-to-year when purchasing later in the project timeline). Merry and Brian to discuss method for collecting information and feedback on additional demo furniture. Craig requests that Brian be the lead on feedback. Best approach would be a Furniture Fair Friday in a conference room to engage staff. NV5 to facilitate this. 3Jun22 – OpenSquare will present their furniture proposal to the team; need to determine a day/time. Need to include PMH Admin team—30 minutes during Thursday at 2PM – 4PM PT is preferable. PMN: Canceled. NV5 to reschedule with PMH and OpenSquare. 17Jun22 – PMH to provide an alternative meeting date/time. 24Jun22 – June 21 does not work for OpenSquare, try 7/28. 8Jul22 – Meeting scheduled for 7/28. 29Jul22 – OpenSquare presented their current furniture proposal to the team on July 28. NV5 to work with OpenSquare to plan a furniture fair with OpenSquare sometime before October. 19Aug22 – OpenSquare is working on this. NV5 will coordinate the dates in October via email.</p>	INFO	NV5, OpenSquare
4.3.	Site Clearing	CLOSED	
4.4.	Geotechnical Engineer	CLOSED	
4.5.	Commissioning Agent	CLOSED	
4.6.	Security Design Consultant	CLOSED	
4.7.	<p><u>New Facility Operational Meetings</u> 04Mar22 – Team to commence meetings within the coming months.</p>	INFO	NV5, Merry
4.8.	bcDG Contract	CLOSED	
4.9.	<p><u>Landscape Consultant</u> 11Mar22 – The Foundation would like to incorporate a donor patio/bricks, etc., and would like to know when the landscape contractor will be engaged. As of now, plan is to contract with them during April MACC process. Team to involve the Foundation thereafter. 22Apr22 – Graham received one bid for this work. (PMN) Graham indicates the bid was not compliant and therefore they did not accept it. 6May22 – Close out pending new contractor. 13May22 – PMH requests wildflower planting on fallow parts of the property, as part of the final site landscaping. 17Jun22 – Adam to send plan to Bouten. PMH needs a reasonably landscaped site but understands there might be potential to continue to enhance the landscaping once construction is complete. 5Aug22 – Bouten spoke with prospective landscaping, who recommended that any seeded areas also be irrigated. This is best addressed by the landscape design-build team once they are onboard as a subcontractor, though.</p>	INFO	

Owner Team Meeting Minutes

4.10.	Telecommunications Provider 6May22 – PMH working on existing facility contract. USAC funding cannot apply until a facility is constructed, so PMH will proceed without USAC financing.	INFO	
4.11.	Flooding from Neighbor	CLOSED	NV5
4.12.	Medical Equipment (Major and Minor) 14Jan22 – We need to competitively bid all new equipment (lights/booms (Stryker), imaging). Note: lights from current ORs will be moved to new Procedure Rooms, for example. RBA advises against bidding the Steris system and Pyxis system. Need to provide specific dates for “required on site” for all equipment. 04Mar22 – NV5 to check in with RBA for next steps. 11Mar22 – NV5 is conducting a meeting with RBA on 3/17. 18Mar22 – Meeting was moved to 3/18. 8Apr22 – Next steps occur after MACC is approved. 6May22 – Adam to check with RBA on updated budget pricing. PMH may increase leased equipment by an additional \$1.4MM. 13May22 – RBA will revisit their cost estimate and send to team for review. They will also review lease options to capture the additional \$1.4MM in leasing PMH would like to pursue. 20May22 – NV5 to check on RBA progress. 3Jun22 – R&B sent a list of proposed leased equipment. NV5 to send to Steve, Dave, Merry, Craig. PMH is also working on reusing more imaging equipment vs. buying or leasing new. 17Jun22 – Adam to send to Gary. PMH team to review internally and determine which items are appropriate. NV5 to add this review to the on-site agenda for board week. 24Jun22 – NV5 to review lease list from David. 22Jul22 – RBA stresses the importance of executing procurement contracts this year to avoid unpredictable price increases.		
4.13.	Food Service Equipment 29Jul22 – NV5 will procure a FSE vendor once NTP date is set. 5Aug22 – Team reviewed FSE plans with Morrison, who provided minor comments.		
5.	DESIGN / PERMITTING		
5.1.	Annexation & Zoning	CLOSED	

Owner Team Meeting Minutes

<p>5.2.</p>	<p><u>Certificate of Need</u> PMN: SEPA comment period begins Wednesday, February 23. There will be a 30-day comment period. Once all of the agencies have submitted their comments, Steve will route them to PMH so that they can respond. Then Steve will issue a determination, likely an MDNS. The building plans are currently being reviewed which will save a lot of time. A building permit can be issued after a determination has been issued AND the water and sewer have been connected. 11Mar22 – NV5 to add quarterly milestones for CoN reporting requirements. 18Mar22 – Master schedule now includes CoN reporting milestones. 6May22 – CoN will be issued once SEPA/MDNS is resolved. Adam to forward Perkins Coie comments to Craig re MDNS. 13May22 – NV5 to ask PC to draft a letter with their comments. 20May22 – bcDG is at work with Transpo Group and will meet today (May 20) to commence the study and expectations with WSDOT. 3Jun22 – ICE is in progress, likely complete for WSDOT review end of June or beginning of July. NV5 sent the city a letter response to the draft MDNS on June 2. 17Jun22 – Transpo group will have draft ready next week for team. 24Jun22 – See comments 5.13, below. 8Jul22 – NV5 to schedule follow up SEPA meeting with City of Prosser to continue discussion of road compromise (bcDG and ECE working on drawings for meeting). 22Jul22 – NV5 will send draft MDNS comments to City today. 29Jul22 – Team met internally on 7/28 to finalize MDNS. Perkins Coie sent suggested verbiage for incorporation. NV5 to send back to the City today. 12Aug22 – Adam to check with the City and Health Facilities re when will we get CoN approval, now that MDNS is finalized. 19Aug22 – Health Facilities will appeal to the DoH for the CoN once they have documentation of an approved SEPA. NV5 to follow up with the City and ECE to understand when we might expect an approved SEPA.</p>	<p>IN PROGRESS</p>	<p>NV5, ECE, HFI</p>
<p>5.3.</p>	<p><u>Water & Sewer (City)</u> 22Jul22 – Project is complete. Bouten will call in for Water and Sewer laterals once building construction commences.</p>	<p>CLOSED</p>	
<p>5.4.</p>	<p><u>City Permit Review</u> 12Aug22 – NV5 to check with Nick re building permit status now that MDNS is finalized. PMN: Nick is waiting for an “all clear” from the DoH before issuing a building permit. He will contact them ASAP to check on this. He also indicated that a foundation-only permit could be issued ahead of this, though we will need to check with USDA that they will allow us to break ground without a full-fledged building permit.</p>	<p>IN PROGRESS</p>	<p>NV5, PMH</p>

Owner Team Meeting Minutes

<p>5.5.</p>	<p><u>State Permit Review</u> 14Jan22 – Need to meet with DoH on requirements for the move process—transitioning from one building to another in compliance with the CoN. DoH indicates sitework may proceed ahead of formal DoH approval. 11Mar22 – DoH appears to be currently reviewing the project. We could expect comments back in the next few weeks. 18Mar22 – bcDG will submit to L&I this week. 8Apr22 – DoH has a handful of comments that must be addressed ahead of construction, but the remainder may be addressed concurrent with construction. WA DOE returned comments concerning the site (wetlands and stormwater discharge); Civil is reviewing. 15Apr22 – Merry to attend DoH call on Tuesday. 22Apr22 – DoH call went well. bcDG is working to resolve the “critical” comments needed for a building permit. The majority of comments may be resolved during construction. bcDG aims to issue revised drawings and a response letter in two weeks’ time. 6May22 – Design team was paused on comment response, but will reconvene on the comment review and provide a response to the AHJs this month (May). 13May22 – Team is working on responses this month. 20May22 – The design team intends to issue drawings associated with the comment responses. The comment responses should be ready within ~2 weeks, drawings will be forthcoming thereafter. The DoH comments are the most substantial and the team intends to respond to those in June(?). bcDG to meet with team to finalize timing on this. 24Jun22 – NV5 to facilitate answering comments that are identified in the spreadsheet as needing PMH or NV5 guidance. 8Jul22 – Team permit review comment meeting scheduled for July 11. 29Jul22 – Matt, our primary contract at DoH, is leaving the DoH. 5Aug22 – Lance to reach out to Ander, John and Noam at DoH to understand who will be the point of contact following Matthew’s departure. 12Aug22 – Lance spoke with Kevin Scarlett, who will be our point of contact within the DoH. Team should have a meeting planned moving forward. 19Aug22 – bcDG will talk to Kevin and communicate what Matthew set for expectations re building permit.</p>	<p>IN PROGRESS</p>	<p>bcDG, DoH, PMH</p>
<p>5.6.</p>	<p>Electric Service</p>	<p>CLOSED</p>	
<p>5.7.</p>	<p>Program Review</p>	<p>CLOSED</p>	
<p>5.8.</p>	<p>Nurse Server Mockup</p>	<p>CLOSED</p>	
<p>5.9.</p>	<p>NV5 DD Review</p>	<p>CLOSED</p>	

Owner Team Meeting Minutes

<p>5.10.</p>	<p><u>Design Progress Update</u> 6May22 – Team to address any design changes once the VE details are received from Graham. 13May22 – Graham will send VE log by next week. 20May22 – Team to review what Graham sent. 3Jun22 – bcDG is working on renderings of the revised roof options, for PMH to review the week of June 6. Once the roof line is approved by PMH, bcDG will determine what their remaining design schedule looks like. PMH needs drawings completed by July so that the GC can provide a GMP by mid-August. 17Jun22 – bcDG is working with subconsultants to establish a shorter schedule. What could be very critical is the Buy America(n) requirement. Design team will need additional time to revise their bid documents so that it is based on Buy America(n). See item 5.16 below in these meeting minutes. 24Jun22 – We may not need a shorter design schedule if PMH obtains additional funding outside of USDA. bcDG working on incorporating major design changes and permit-related items. 22Jul22 – Need to meet to review quantity and locations of WOWs. Craig believes there should be few or none. NV5 to check with Merry and Phillip on this first. bcDG will issue CDs on July 29, 2022. 28Jul22 – bcDG is finalizing bid docs for issuance to Bouten today (7/28). bcDG and Bouten to meet next week and develop front-end specification sections. 5Aug22 – Team intends to finalize the front-end specs the week of 8/8/2022. 12Aug22 – bcDG is working with Bouten on this. The last addendum is Friday, August 19. The front-end specs need to be completed before then, with time for Bouten to review and suggest edits if needed. bcDG to verify that all constructability comments were incorporated into the latest drawings, which will be issued as a bid addendum today. 19Aug22 – bcDG will need to revise the drawings to address USDA comments. TBD if this is issued as an addendum or conformed.</p>	<p>IN PROGRESS</p>	<p>bcDG, Graham</p>
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Owner Team Meeting Minutes

5.11.	<p><u>SVID coordination</u> 11Feb22 – NV5 to request SVID to complete all work, lateral and culverts included. 11Mar22 – Design for using irrigation water? Hilary to ask ECE. PMN: ECE can't provide this service. Graham will investigate working with the landscape contractor to provide this. 18Mar22 – SVID proposes to bury the ditch on PMH property as their preferred option. If SVID is going to underground the entire ditch, which is not PMH's preference, then PMH will not contribute to costs to underground the ditch. 8Apr22 – PMH wants at least a letter from PC to SVID. If the pipe is buried, can it be placed at perimeter and not through the middle of the site? 22Apr22 – Given the cost is less than installing concrete culverts, we should proceed with undergrounding; is along the perimeter better than diagonally through site? NV5 to work with SVID on this and the location of manholes. 6May22 – Adam to send Craig cost info and timing. 13May22 – SVID would charge an additional \$30k for a perimeter routing. Team is leaning toward this option, as it clears the center of the site. NV5 to work with ECE and SVID on what this will entail (easement, especially). 3Jun22 – NV5 to maintain progress with SVID on rerouting. bcDG is working with ECE to address the neighboring subdivision's request to tap into the SVID overflow. NV5 to respond to the neighbor to let them know that we are likely rerouting the overflow. 22Jul22 – NV5 to check with SVID today on pricing. NV5 to forward update to PMH prior to board meeting. 29Jul22 – Relocated drainage route needs to be staked/surveyed in order to layout a new easement. NV5 coordinating surveying etc. SVID has notice to proceed for driveway work but needs to finalize the aforementioned reroute before scheduling the work. NV5 to double-check on putting overflow in same easement as supply. NV5 to ask why they need 30' (any legal reasons?). 12Aug22 – NV5 continues to contact the surveyor in an attempt to have the utilities staked per SVID's request. SVID indicated that the USBR will need to approved the ditch relocation, so NV5 is determining what that process entails and any schedule risks. The ditch may need to remain in its current location if the USBR process appears to be too lengthy. 19Aug22 – NV5 continues to work with SVID and USBR to reroute the overflow channel. This includes negotiating the easement locations and widths.</p>	IN PROGRESS	NV5
5.12.	PAR Process	CLOSED	
5.13.	<p><u>Traffic Study</u> 5Aug22 – Will the final approval of the ICE push out the SEPA and building permit issuance dates? What is the anticipated duration of the ICE final approval by WSDOT? 12Aug22 – Per Steve Zetz email on 8/8, the MDNS incorporates the ICE as conditions for a Certificate of Occupancy, so we should not be held up on a building permit by the ICE.</p>	IN PROGRESS	ECE/bcDG
5.14.	Helipad	CLOSED	
5.15.	Pneumatic Tube System	CLOSED	

Owner Team Meeting Minutes

<p>5.16.</p>	<p>USDA Review</p> <p>15Apr22 – USDA indicated that they recommended approval internally, but that they have not received final concurrence from their team. Adam to follow up with USDA on Monday, April 18.</p> <p>22Apr22 – USDA sent their concurrence on the GC contract on April 21. NV5 sent email to USDA on 4/22 inquiring as to status of the Architect’s contract.</p> <p>6May22 – USDA sent their concurrence on the Architect’s contract on May 4, 2022.</p> <p>13May22 – NV5 to check on USDA review of drawings.</p> <p>20May22 – USDA sent a summary of their status via email. They indicated they need the following prior to concurrence for construction: I show the following is needed prior to construction/bid:</p> <ul style="list-style-type: none"> • Evidence of the BofA equipment lease \$3.6MM secured • Evidence of Applicant contribution \$17,300,000 deposited in the construction account. (\$2.6 of the funds will be identified in the Out Lay Report as interim financing) • Submittal of evidence of required permits. • Approval by USDA of plans and drawings 100% • R-O-W documents need updated and submitted after permits are received. • Project Manager Resume (already submitted) • RFQ, RFQ short list, request for proposal, recommendation of Award, Executed Contract • Final Plans and specification for the project. • AIA contracts: USDA to complete review and approval of new contractor • Civil Rights Compliance Review and Limited English Proficiency review. • Non-Discrimination statement to be added as outlined in the Letter of Conditions • Posters to be posted and pictures submitted to USDA for concurrence • Certificate of Need to be submitted to USDA <p>17Jun22 – Gary understands we may need to convert to “Buy/Build America Act” (BABA) should we appeal to USDA for additional funding. As of now, this is not part of the design docs/specs, and converting to the Act would incur additional time and cost. Gary to check with USDA to understand the risk of this applying to our project.</p> <p>29Jul22 – USDA has not indicated this is a requirement and has not answered this question directly. Other precedents indicate we are not bound to this, so we are proceeding as-is without BABA requirements.</p> <p>12Aug22 – USDA sent comments to the team concerning contracts and design. The team is currently reviewing them, but they appear to be mostly clarifications; there did not seem to be comments mandating additions or deletions of scope.</p> <p>19Aug22 – bcDG intends to respond to USDA comments the week of 8/29</p>	<p>IN PROGRESS</p>	<p>NV5</p>
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Owner Team Meeting Minutes

5.17.	Bulk Oxygen System 6May22 – Adam to forward drawings as noted above. 20May22 – Oxygen farm is not likely to change due to VE. 17Jun22 – NV5 to facilitate meeting with Oxarc and design team. 22Jul22 – Hyperbaric is still in flux and would change system, so NV5 to request pricing from Oxarc once hyperbaric is resolved.	INFO	
5.18.	New Address	CLOSED	
5.19.	Lot Consolidation of Site 29Jul22 – NV5 will check on final parcel number next month. 19Aug22 – The City sent the final parcel number.	CLOSED	
5.20.	Benton County Noxious Weed Mitigation	CLOSED	
5.21.	Stormwater Permit (SWPPP) 29Jul22 – NV5 working with ECE on this. A newspaper ad was placed and now we are in the 30-day comment period before applying. We need SEPA approval date in order to apply. 12Aug22 – Adam to check on SEPA approval in order to proceed with SWPPP. 19Aug22 – SWPPP application is ready and needs to be signed by Bouten. NV5 to share all supporting info on SWPPP for Bouten to sign.	IN PROGRESS	bcDG, ECE, NV5
6.	PRE-CONSTRUCTION		
6.1.	Value Engineering (VE) Process 22Jul22 – Bouten presented lighting VE options; HEI is reviewing to ensure equivalency and will provide a recommendation to PMH by 7/25 ahead of final docs being issued next week. 29Jul22 – Bouten team working on proposed bid alternates. 5Aug22 – Bouten will issue alternates to bidders today. 12Aug22 – bcDG and Bouten need to clean up the lighting package to verify which items were approved or rejected and finalize what the most economical lighting package will be.	IN PROGRESS	bcDG, Bouten
6.2.	ECCM/MCCM Procurement 22Jul22 – Bouten presented an analysis for decisions on path forward (ECCM/MCCM or hard-bid). The team agreed it was in the best interest of the project to proceed with ECCM and MCCM. Bouten will need to execute ECCM/MCCM agreements before 8/31/22 to avoid ~\$450k in labor rate and equipment increases. 29Jul22 – According to the Dept of Labor & Industries, we need to execute an agreement before 8/31/22 in order to utilize the existing labor rates ahead of the increase on 9/1/22. Team plans to present the mini-MACC at the August board work session for board approval. Bouten to present cost risks of *not* signing a mini-MACC before 8/31. Bouten to also determine if we still have the opportunity to sign a min-MACC at this point. 5Aug22 – Bouten still working on this and will have cost commitment ready as well as savings for proceeding in this manner. 12Aug22 – Bouten may draft a mini-MACC for ECCM and MCCM for approval at August board meeting, to take advantage of current labor rates (~\$500k savings). The commitment/termination cost would be ~\$20k in the event that PMH cannot proceed with the project. Bouten to present these details at the August work session. 19Aug22 – Bouten issued an initial MACC for review on 8/18/22. NV5 and PMH will discuss the best way to proceed with this.	IN PROGRESS	
6.3.	Preconstruction Contract Amendment	CLOSED	
6.4.	CM Estimating	CLOSED	

Owner Team Meeting Minutes

6.5.	<p><u>Early Procurement</u> 22Jul22 – Bouten will likely need to commit to early procurement of long-lead equipment (e.g. Air Handling Units) early in the project. The team will work together to facilitate this as appropriate. 12Aug22 – See note 6.2 above re mini-MACCs. Once the EC/MCCM are onboard, they will initiate shop drawing processes for long-lead items e.g., air handlers.</p>	IN PROGRESS	
6.6.	<p><u>MACC prep</u> 24Jun22 – Bouten will issue an advertisement for trade outreach. 8Jul22 – Bouten current working on trade outreach/coming soon announcement. 29Jul22 – Bid openings will occur at NV5 Richland office. 12Aug22 – Bouten hosted a pre-bid meeting on 8/10/2022, with a strong showing (~30 people). We are on-track to have a MACC for the team to review on September 1, 2022. 19Aug22 – Bouten to tell NV5 which bid packages on which Bouten intends to bid.</p>	IN PROGRESS	
6.7.	Construction Commencement	CLOSED	
6.8.	<p><u>Building Permit</u> 6May22 – See item 5.4 above.</p>	IN PROGRESS	
6.9.	<p><u>Graham Wind-Down</u> 19Aug22 – Graham’s final pay applications are with PMH Accounts Payable for payment processing.</p>	IN PROGRESS	

The above represents the writer’s understanding of the items discussed and/or conclusions reached. It is requested that any questions, comments, omissions, and/or errors to these meeting minutes be directed in writing to this office within three (3) business days. Please contact NV5.

Next Online Meeting

Date: [Friday, September 2, 2022, at 9:00am CT / 8:00am MT / 7:00am PT; via TEAMS](#)

Upcoming In-Person Meetings

- [August 23 – Bid Opening in Tri-Cities; Board Work Session \(bcDG\(?\), Bouten, NV5, PMH\)](#)
- [August 25 – Bid Opening in Tri-Cities \(Bouten, NV5, PMH\)](#)
- [August 30 – Bid Opening in Tri-Cities \(Bouten, NV5, PMH\)](#)

4 Month Outlook

AUGUST 2022

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
31	01	02	03	04	05 PROJECT TEAM MEETING	06
07	08	09	10	11	12 PROJECT TEAM MEETING	13
14	15	16	17	18	19 PROJECT TEAM MEETING	20
21	22	23 BID OPENING #1 BOARD WORKSESSION	24	25 BID OPENING #2 BOARD MEETING	26	27
28	29	30 BID OPENING #3	31 **SEE ATTACHED APPENDIX FOR BID PACKAGE DESCRIPTIONS**		02	03
04	05	06	07	08	09	10

SEPTEMBER 2022

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
28	29	30	31	01	02 BOUTEN ISSUES THE MACC PROJECT TEAM MEETING	03
04	05	06 UPDATED FEASIBILITY STUDY FROM DZA	07	08 SPECIAL BOARD MEETING Review and approve Maximum Allowable Construction Cost (MACC)	09 SUBMIT TO USDA FOR ADD'L FINANCING CITY ISSUES BUILDING PERMIT PROJECT TEAM MEETING	10
11	12	13	14	15	16 PROJECT TEAM MEETING	17
18	19	20	21	22	23 PROJECT TEAM MEETING	24
25	26 USDA DECISION ON ADD'L FINANCING	27 BOARD WORKSESSION	28	29 BOARD MEETING	30 STATE ISSUES CERTIFICATE OF NEED	01
02	03	04	05	06	07	08

LEGEND

IN PERSON MEETING NV5 & BCDG ON SITE UNLESS OTHERWISE NOTED	ONLINE MEETING	PMH MEETING NO ATTENDANCE BY PROJECT TEAM	HOLIDAY
	DELIVERABLE		FOR BOARD APPROVAL

4 Month Outlook

OCTOBER 2022

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
25	26	27	28	29	30	01
02	03	04	05	06	07	08
					PROJECT TEAM MEETING	
09	10	11	12	13	14	15
				USDA PROVIDES CONCURRENCE FOR CONSTRUCTION	NTP to Bouten (tentative) PROJECT TEAM MEETING	
16	17	18	19	20	21	22
					PROJECT TEAM MEETING	
23	24	25	26	27	28	29
		BOARD WORKSESSION		BOARD MEETING		
30	31	01	02	Items to be rescheduled: NEW FACILITY OPERATIONAL MEETING (NV5-Led) NEW FACILITY OPERATIONAL MEETING (Merry-Led)		

NOVEMBER 2022

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30	31	01	02	03	04	05
					PROJECT TEAM MEETING	
06	07	08	09	10	11	12
					PROJECT TEAM MEETING	
13	14	15	16	17	18	19
		BOARD WORKSESSION		BOARD MEETING		
20	21	22	23	24	25	26
				THANKSGIVING		
27	28	29	30	01	02	03
04	05	06	07	08	09	10

PMH - Bouten MACC Bid Package Breakdown

8/23/22

1. BP-01 Earthwork & Site Utilities
2. BP-02 Building Concrete
3. BP-03 Structural Steel Supply
4. BP-04 Structural Steel Erect
5. BP-05 Metal Building
6. BP-06 Applied Fireproofing
7. BP-07 Masonry
8. BP-08 EIFS
9. BP-09a Roofing
10. BP-09b Sheet Metal/Flashing
11. BP-10 Metal Panel
12. BP-17 Framing, Drywall, Insulation

8/25/22

1. BP-11 Glazing/Storefront/ICU Doors
2. BP-13 Casework & Millwork
3. BP-14 Door & Hardware Supply
4. BP-16 Overhead Coiling Doors
5. BP-18 Floor Coverings
6. BP-19 Terrazzo Flooring
7. BP-20 Ceramic Tile
8. BP-21 Acoustical Ceilings and Treatments
9. BP-29 HVAC & Plumbing (Pre-approved MCCM)
10. BP-30 Electrical & Systems (Pre-approved ECCM)

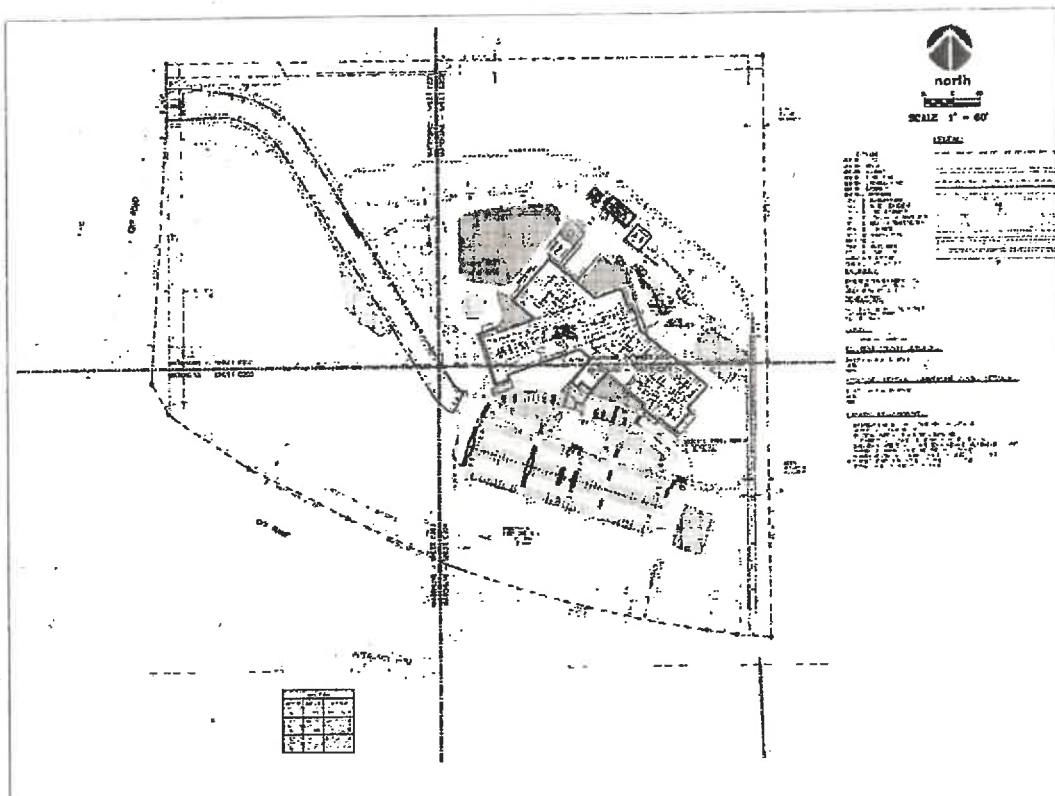
8/30/22

1. BP-12 General Works
2. BP-15 Door & Hardware Install
3. BP-22 Paints and Coatings
4. BP-23 Wall Coverings
5. BP-24 Interior Specialties
6. BP-25 Window Coverings
7. BP-26 Elevators
8. BP-27 Pneumatic Tube
9. BP-28 Fire Suppression
10. BP-31 Asphalt Paving and Markings
11. BP-32 Site Concrete
12. BP-33 Landscape & Irrigation (Design-Build)
13. BP-34 Fencing



**City of Prosser
Washington
Mitigated Determination of Non-significance (MDNS).**

**Type of Application: SEPA Checklist
Date of Application: February 15, 2022
Name of Applicant: Prosser Memorial Hospital
Location of Project: Parcel Numbers 135942000010000, 135942000011000,
135942000012000 having a common address of 200 Prosser Health Drive (private road).**



Description of proposed project: Construction of a new 25 bed critical access hospital in Prosser, Washington. The hospital will be roughly 101,000 sf in size with a building footprint of approximately 75,0000 sf. The hospital will be situated on a 31.9 acre greenfield site that is located north of I-82 and west of Gap Road.

The lead agency for this proposal has determined that it does not have a probable significant adverse impact on the environment. An environmental impact statement (EIS) is not required under RCW 43.21C.030 (2)(c). This decision was made after review of a completed environmental checklist and other information on file with the lead agency.

Responsible Official: Steve Zetz
Position/Title: City Planner
Address: 601 7th Street, Prosser, WA 99350
Date:

☑ The City of Prosser Washington, the lead agency for the proposal and is issuing a final Mitigated Determination of Non-Significance (MDNS) under the Washington State Environmental Policy Act Rules (Chapter 197 -11 (WAC) Washington Administrative Code). After review of a completed environmental checklist and other information on file, the City of Prosser, Washington has determined this proposal will not have a probable significant adverse impact on the environment provided the identified mitigation measures are complete prior to the issuance of the final occupancy certificate. An environmental impact statement (EIS) is not required under Revised Code Of Washington (RCW) 43.21C.030 (2)(c).

The environmental review and related documents pertaining to this project are available to the public upon request at the City of Prosser Planning Department and are available for review on the City of Prosser Website www.cityofprosser.com and include the following:

SEPA Checklist
Site Plan
Application

MITIGATION REQUIREMENTS

The identified mitigation measures include mitigation for potential impacts to the following: Earth, air, environmental health, land and shoreline uses, light and glare, transportation, and utilities. The full text of the identified mitigation measures are set forth below and are available for review at the City of Prosser Planning Department and are also available on the City of Prosser Website www.cityofprosser.com

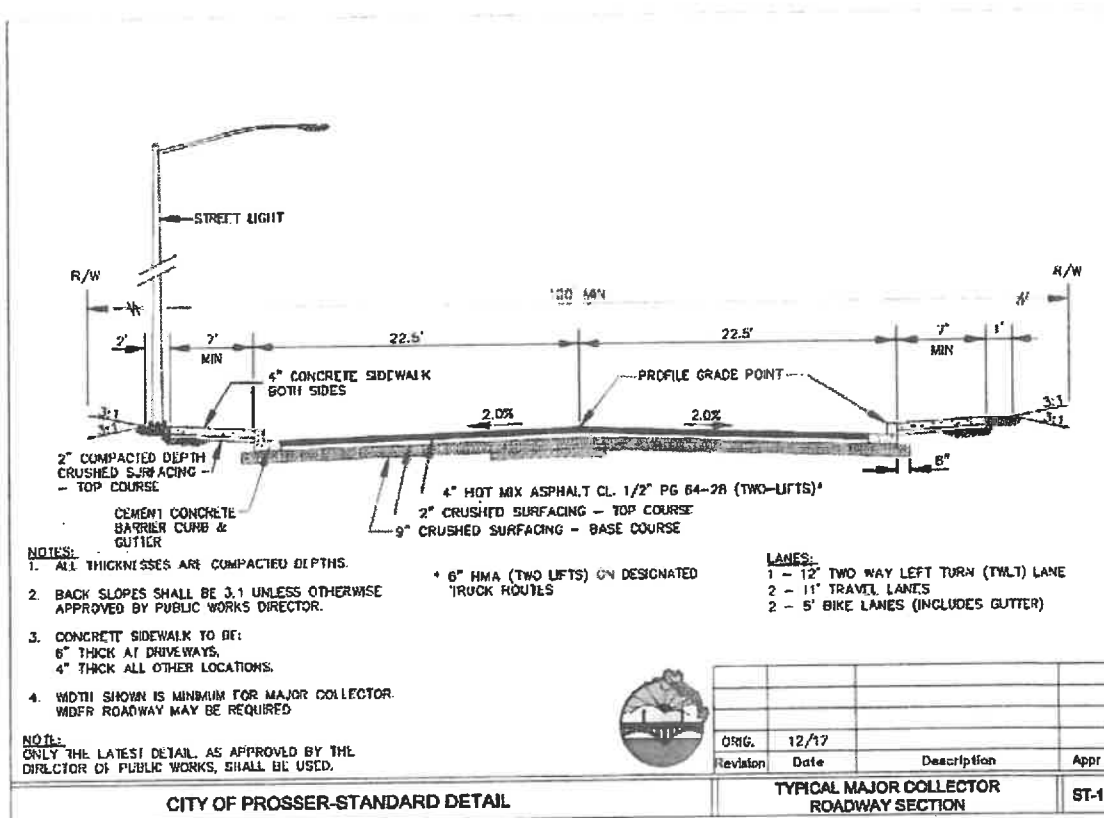
For the purposes of this Mitigated Determination of Non-Significance the following terms are defined;

“PMH” shall mean Prosser memorial Hospital
“Applicant” shall mean Prosser Memorial Hospital
“TIA” shall mean Traffic Impact Analysis

1. A Storm Water Drainage Retention Plan (Erosion Sediment control Plan) is needed for all construction sites as required by the State Department of Ecology. A City approved storm drain plan should retain storm water on site. Erosion control measures must be in place prior to any clearing, grading or construction. These control measures must be able to prevent soil from being carried into surface water (this includes storm drains) by storm water runoff. Said retention

and disposal may require the installation and maintenance of oil/water separators. Storm water runoff calculations and drainage facilities sizing calculations must be prepared by a Washington Registered Professional Engineer and be submitted to the City for review and approval prior to construction. A National Pollutant Discharge Elimination System (NPDES) Construction Storm Water General Permit may be required if there is a potential for storm water discharges from a construction site larger than one acre. Obtaining a permit is at least a 38 day process. Please submit a permit application to the State Department of Ecology at (509) 575-2807. Please provide the City with a copy of the State permit if required.

2. Gap Road fronting the Applicants development must be improved to City of Prosser standards for major collectors, ST-1.



Applicant will be required to construct half street road improvements along the frontage of Gap road Right of Way abutting Applicants property. Frontage is defined as the right of way abutting and parallel to the Applicants property and may include right of way controlled by WSDOT (figure 2B). Improvements include sidewalk, curb, gutter, street lighting, storm drainage. In lieu of sidewalk improvements the Applicant may enter into an easement agreement to allow for the

public use of the walking trail adjacent to Gap road. Such an agreement must allow for the connection of future pedestrian improvements which would accommodate travel from the south of the project to the north. Applicant will submit road improvement plans to the City of Prosser for review prior to construction. Dedication of Right of Way may be required if there is insufficient right of way to accommodate the public improvements. Such improvements must be made prior to the issuance of a Certificate of Occupancy. Applicant will construct the all-way stop improvements as identified in the TIA prepared by TranspoGroup, dated January 2022 and approved by the City of Prosser on February 22, 2022.

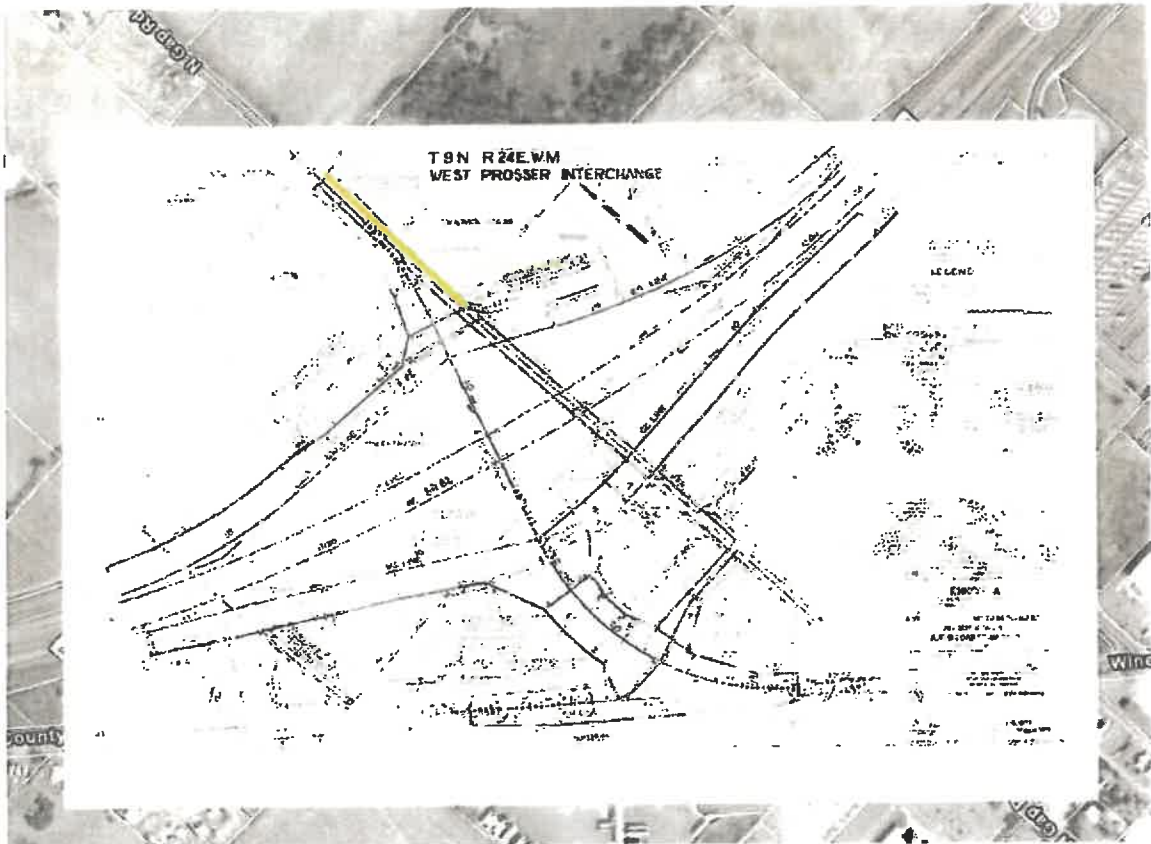


Figure 2B

ALTERNATIVE

The Applicant may apply for a Development Agreement, which may include an agreement for deferral of frontage improvements, with the City of Prosser. If the City of Prosser and the Applicant are unable to agree on the terms of the Development Agreement then the required frontage improvements must be made as identified in ST-1, unless otherwise agreed upon.

3. The property owner shall submit plans for lighting fixtures that will reduce glare and light onto neighboring properties. All lighting must be directed away from adjoining properties and be installed in such a manner as to minimize light scatter onto adjacent properties and roadways. Lighting plans must meet Prosser Municipal Code.
4. Applicant will provide all necessary easements for public utilities on the Applicants property. This includes water, sewer, power, irrigation, and communication.
5. Any and all signage on the property will need to comply with the State Scenic Vistas Act of 1971 and the Prosser Municipal Code.
6. All permits required by Benton County Clean Air Authority and the Washington State Department of Ecology shall be acquired prior to issuance of the building permit.
7. Any noise impacts to adjacent properties in violation of Prosser Municipal Code section 8.50, and as determined by a competent professional in this area of expertise, must reasonably be mitigated. Mitigation may include the use of landscaping features that will reduce the impacts of noise and provide an environmentally friendly addition to the landscape. Poplars, Arborvitaes, or similar site and noise screening vegetation may be used.
8. Applicant must allow for a pedestrian access connection to a future pathway, from the residential development to the east of the applicants project site, consistent with the goals and policies of the Prosser Comprehensive Plan. Pathway connection width must be a minimum of 5 feet in width.
9. Applicant must comply with the requirements identified in the Washington State Department of Transportation comment letter dated March 18, 2022, specifically to submit an Intersection Control Analysis (ICE) prior to approval of final civil designs. Applicant must comply with all requirements of WSDOT.

There is no agency appeal

Final MDNS Issuance Date:

 8/10/2022
STEVE ZEITZ
CITY OF PROSSER
COMMUNITY DEVELOPMENT DIRECTOR

Craig Marks

From: Steve Zetz <SZetz@ci.prosser.wa.us>
Sent: Wednesday, August 10, 2022 2:01 PM
To: adam.trumbour; Craig Marks
Cc: Paul Kramer
Subject: PMH FINAL MITIGATION
Attachments: PMH MDNS FINAL.pdf; GeneralZoningApplicationrev4.pdf

External Email: Please Proceed with Caution

PMH Team,

Attached please find the final Mitigated Determination of Non-Significance. At this time there are no outstanding environmental concerns which would prohibit you from applying for a Building Permit. I have included Nick Alsbury in this email as he will be the one to issue you the building permit.

I have also attached the application form for a Development Agreement. Check the "Other" box on the application form. I will provide a more detailed email which will cover the fee and provide you additional information on the process.

Please let me know if you have any questions.

Thank You

Steve Zetz

Community Development Director
1002 Dudley Ave, Prosser, WA 99350

szetz@cityofprosser.com

Phone: 509-786-8212

City of Prosser



DRAFT AIA® Document A133™ - 2019

Standard Form of Agreement Between Owner and Construction Manager as Constructor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price

AGREEMENT made as of the day of in the year 2022
(In words, indicate day, month, and year.)

BETWEEN the Owner:
(Name, legal status, address, and other information)

«Prosser Public Hospital District No. 1, d/b/a Prosser Memorial Health»
«723 Memorial St.»
«Prosser, WA 99350»

and the Construction Manager:
(Name, legal status, address, and other information)

«Bouten Construction Co.»
«1060 Jadwin Ave, Suite 300»
«Richland, WA 99352»

for the following Project:
(Name, location, and detailed description)

«Prosser Memorial Health Hospital Replacement Facility»
«723 Memorial St.»
«Prosser, WA 99350»

The Architect:
(Name, legal status, address, and other information)

«bcDESIGNGROUP, LLC»
«12101 W. 110th Street, Suite 100»
«Overland Park, KS 66201»

The Owner and Construction Manager agree as follows.

ADDITIONS AND DELETIONS:
The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An *Additions and Deletions Report* that notes added information as well as revisions to the standard form text is available from the author and should be reviewed.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

AIA Document A201™-2017, General Conditions of the Contract for Construction, is adopted in this document by reference. Do not use with other general conditions unless this document is modified.

ELECTRONIC COPYING of any portion of this AIA® Document to another electronic file is prohibited and constitutes a violation of copyright laws as set forth in the footer of this document.

TABLE OF ARTICLES

- 1 INITIAL INFORMATION
- 2 GENERAL PROVISIONS
- 3 CONSTRUCTION MANAGER'S RESPONSIBILITIES
- 4 OWNER'S RESPONSIBILITIES
- 5 COMPENSATION AND PAYMENTS FOR PRECONSTRUCTION PHASE SERVICES
- 6 COMPENSATION FOR CONSTRUCTION PHASE SERVICES
- 7 COST OF THE WORK FOR CONSTRUCTION PHASE
- 8 DISCOUNTS, REBATES, AND REFUNDS
- 9 SUBCONTRACTS AND OTHER AGREEMENTS
- 10 ACCOUNTING RECORDS
- 11 PAYMENTS FOR CONSTRUCTION PHASE SERVICES
- 12 DISPUTE RESOLUTION
- 13 TERMINATION OR SUSPENSION
- 14 MISCELLANEOUS PROVISIONS
- 15 SCOPE OF THE AGREEMENT

EXHIBIT A GUARANTEED MAXIMUM PRICE AMENDMENT

EXHIBIT B INSURANCE AND BONDS [N/A]

ARTICLE 1.0 DEFINITIONS

§ 1.0 Definitions. These Definitions are often shorthand references to more formal definitions elsewhere in the Contract Documents. When a defined term is described elsewhere in the Contract Documents, the more descriptive definition shall control over any general description in this Section 1.0.

§ 1.0.1 Agreement. The Agreement is this revised A133–2019 Standard Form of Agreement between Owner and Construction Manager as Constructor. All references in this Agreement to the A133-2019 are to the revised Agreement.

§ 1.0.2 Allowance. An Allowance is a stated amount included in the GMP for a stated portion of the Work that is not fully defined and/or quantified at the time the GMP is established. When that part of the Work is adequately defined and/or quantified, the GMP will be adjusted through a Change Order to account for the difference between the Allowance and the actual or estimated Cost of the Work for that item in an amount that is mutually agreeable to the Owner and Construction Manager. Upon execution of the applicable Change Order, that portion of the Work will no longer be an Allowance item.

§ 1.0.3 Application for Payment. An Application for Payment is described in Section 9.3 of the General Conditions and Section 11.1 of this Agreement. An Application for Payment is generally a document the Construction Manager submits to the Owner and Architect itemizing amounts the Construction Manager believes are due and Work completed in accordance with the Contract Documents.

§ 1.0.4 Architect. The Architect, listed above, is the entity with which the Owner has contracted in a separate Owner-Architect agreement. The Architect is described in Section 4.3 of this Agreement and defined in Section 4.1 of the General Conditions.

§ 1.0.5 Change Order. A Change Order is defined in Section 7.2.1 of the General Conditions and is generally a written instrument prepared by the Architect and signed by the Owner, the Construction Manager, and the Architect that modifies the Contract Documents and sets forth their agreement upon a Change in the Work, the amount of the adjustment, if any, in the GMP, and the extent of the adjustment, if any, in the Contract Time.

§ 1.0.6 Claim. A Claim is defined in Section 15.1.1 of the General Conditions and generally consists of a demand or assertion by one of the parties seeking, as a matter of right, adjustments or interpretations of Contract terms, payment of money, an extension of time, or other relief. The term "Claim" includes disputes and matters in question between the Owner and the Construction Manager arising out of or relating to the Contract Documents.

§ 1.0.7 Construction Change Directive. A Construction Change Directive is defined in Section 7.3 of the General Conditions as a written order prepared and signed by the Owner and the Architect, with or without the agreement of the Construction Manager, directing the Construction Manager to perform a change in the Work, or perform Work the Construction Manager contends to be a change in the Work, prior to agreement on the basis for adjustment, if any, to the Contract.

§ 1.0.8 Construction Manager. The Construction Manager is the entity identified above as the party to this Agreement responsible for performing the Preconstruction Services and, upon successful negotiation and execution of the GMP Amendment, responsible for construction of the Project through its own services as well as through Subcontractors. The Construction Manager is identified as the "Contractor" in the General Conditions and shall provide the services of a General Contractor/Construction Manager as defined in Chapter 39.10 RCW.

§ 1.0.9 Construction Phase. The Construction Phase is defined in Section 3.3 of this Agreement and further in the Contract Documents, and generally consists of the period of the Contract during which the Construction Manager performs construction of the Project after the earlier of execution of the GMP Amendment or the Owner's issuance of a Notice to Proceed.

§ 1.0.10 Contingency. The Construction Manager's Contingency is described in Section 3.2.3.1 and generally is an amount stated in the GMP for use by the Construction Manager, with the Owner's approval, for Costs of the Work that are not Changes in the Work. The Construction Manager's Contingency is included in the MACC. The amount of the Construction Manager's Contingency will be negotiated as part of the GMP and will be established in the GMP Amendment.

§ 1.0.11 Contract Documents. The Contract Documents are defined in Section 2.1 of this Agreement and Section 1.1.1 of the General Conditions, and generally consist of this Agreement and its exhibits, the General Conditions (referred to herein as "General Conditions" or "AIA Document A201-2017"), and other conditions of the Contract, the Drawings and Specifications (including documents from Design-Build Subcontractors), Addenda, other documents listed in this Agreement, and Modifications and Amendments issued after execution of the Contract.

§ 1.0.12 Contract. The Contract is the agreement between the Owner and the Construction Manager and is formed by the Contract Documents.

§ 1.0.13 Contract Sum. The Contract Sum is defined in Section 6.1 of this Agreement and Section 9.1 of the General Conditions that the Owner agrees to pay the Construction Manager for its proper performance of the Work under the Contract Documents. The Contract Sum shall not exceed the GMP. Neither the Preconstruction Services Cost nor the Washington State Sales Tax (WSST) due on the Contract Sum is included in the Contract Sum.

§ 1.0.14 Contract Time. The Contract Time is the time defined in Section 8.1 of the General Conditions and set forth in the GMP Amendment for achieving Substantial Completion of the Work.

§ 1.0.15 Contractor. The term Contractor means the Construction Manager.

§ 1.0.16 Cost of the Work. The Cost of the Work is the amount defined in Article 7 of this Agreement reasonably and necessarily incurred by the Construction Manager in the proper performance of the Work under the Contract Documents. Costs of the Work are to be separately recorded. The Cost of the Work includes Subcontractor bid packages, the Specified General Conditions, and the Negotiated Support Services, but does not include the Construction

Manager's Fee or Washington State Sales Tax (WSST) on progress payments made by the Owner to the Construction Manager.

§ 1.0.17 Drawings. The Drawings are defined in Section 1.1.5 of the General Conditions and generally are the graphic and pictorial portions of the Contract Documents showing the design and location of the Work, and generally include plans, elevations, sections, details, dimensions, schedules, and diagrams. The Schematic Design, Design Development, and Construction Documents include all design documents from the conceptual level through completion. The Construction Manager shall review and provide comments on the Construction Documents.

§ 1.0.18 Fee. The Fee is the amount set forth in the GMP Amendment, based on the calculation contained in Section 6.1.2 of this Agreement, that the Construction Manager is to receive under this Agreement in addition to the Cost of the Work for its performance of the Work. The Fee compensates the Construction Manager for all aspects of its performance other than the Cost of the Work, and it includes the Construction Manager's profit and all overhead expenses not otherwise reimbursable under this Agreement, including home office overhead, the cost of the Construction Manager's insurance except builder's risk insurance (which is reimbursable as a Cost of the Work), any licenses, and all taxes (including B&O tax) except Washington State Sales Tax (WSST) due on progress payments made by the Owner to the Construction Manager. The Fee is applied to the MACC (Costs of the Work, including Negotiated Support Services and Specified General Conditions, and Contingency).

§ 1.0.19 Final Completion. Final Completion is defined in Section 9.10.1 of the General Conditions and generally occurs when the Owner finds that the Work has been concluded, any required occupancy permit has been issued, incidental corrective or punch-list Work has been completed, the Construction Manager has submitted or delivered all specified items, the Construction Manager has submitted a final Application for Payment, and the Owner has approved the final Application for Payment.

§ 1.0.20 General Conditions. The General Conditions are defined in Section 2.3 of this Agreement and are set forth in the revised A201-2017 General Conditions of the Contract for Construction, which is incorporated herein by reference. All references to the "General Conditions" or to "AIA Document A201-2017" in the Contract Documents are to the revised document.

§ 1.0.21 Guaranteed Maximum Price. The Guaranteed Maximum Price (or "GMP") is defined in Section 3.2 of this Agreement, described in Section 6.2 of this Agreement, and established in the Guaranteed Maximum Price Amendment or GMP Amendment. The GMP consists of the sum established in the GMP Amendment as the fixed limit for the MACC (all Costs of the Work, including Negotiated Support Services and Specified General Conditions, and the Contingency) and the Construction Manager's Fee. As part of establishment of the GMP, the GMP Amendment shall set forth the amount of the Construction Manager's Contingency. The GMP does not include Washington State Sales Tax (WSST) due on the Contract Sum and paid on progress payments made by the Owner to the Construction Manager or the Preconstruction Services Cost. The GMP is the maximum amount the Owner is required to pay the Construction Manager for the performance of the Work. As used in this Agreement, the GMP is intended to be defined as the "total contract cost" per RCW 39.10.370(4).

§ 1.0.22 GMP Amendment. The GMP Amendment is described in Section 3.2.6 of this Agreement and generally is an amendment to this Agreement setting forth the GMP, the information and assumptions upon which the GMP is based, the Contract Time, separate amounts for Negotiated Support Services and Specified General Conditions (included within the Cost of the Work), the amount of the Construction Manager's Contingency, the agreed liquidated damages rate, and other information upon which the parties agree.

§ 1.0.23 MACC. The Maximum Allowable Construction Cost ("MACC") generally consists of the amount to which the Owner, the Architect, and the Construction Manager agree in writing as an estimate of the Cost of the Work reimbursable under Article 7 of this Agreement (including Negotiated Support Services and the Specified General Conditions) and the Construction Manager's Contingency. The MACC does not include the Construction Manager's Fee, the Preconstruction Services Cost, or Washington State Sales Tax (WSST) due on progress payments. A final MACC will be established as part of the GMP negotiation in accordance with this Agreement.

§ 1.0.24 Negotiated Support Services. Negotiated Support Services are defined in Section 7.7.5 of this Agreement and generally are items the Construction Manager normally would manage or perform for the Work, including but not limited to, surveying, maintenance of construction office and facilities, temporary sanitation, including temporary toilets, equipment and supplies not incorporated in the Work (with the exception of electronic equipment), cranes and

hoisting, erosion control, scaffolds and shoring, elevator operations, temporary fire protection, weather protection, temporary heat, power and water use during construction, including hookup, meter and fees, background checks, testing coordination, temporary signs, fences, enclosures, barriers and barricades, refuse collection, cleanup and trash removal (except for final cleaning), street cleaning, dust control, site security (including lighting), document reproductions and delivery, and maintenance of traffic on public street and roads (including flaggers). Approved Negotiated Support Services are reimbursable, consistent with the Contract Documents, to the extent they are Costs of the Work within the GMP. The Construction Manager's management of Negotiated Support Service is included within the Specified General Conditions.

§ 1.0.25 **Owner.** The Owner is the entity identified on the cover page of this Agreement.

§ 1.0.26 **Owner-Architect Agreement.** The Owner-Architect Agreement is the separate agreement between the Owner and the Architect relating to the design of the Project.

§ 1.0.27 **Owner's Designated Representative.** The Owner's Designated Representative, identified in Section 1.1.8, is a representative but not an agent of the Owner. His or her duties and responsibilities are set forth in the Contract Documents. The Owner's Designated Representative is not empowered to waive any terms or conditions of the Contract Documents or to commit the Owner to additional costs or time.

§ 1.0.28 **Preconstruction Phase.** The Preconstruction Phase is defined in Section 3.1 and generally consists of the initial portion of the Construction Manager's services and performance under the Contract prior to execution of the GMP Amendment or issuance of a Notice to Proceed.

§ 1.0.29 **Preconstruction Services.** The Preconstruction Services generally consist of those services provided by the Construction Manager under Sections 3.1 and 3.2 of this Agreement. While a substantial portion of the Preconstruction Services is expected to be completed prior to establishing the GMP and the execution of the GMP Amendment, some may occur during the Construction Phase, which shall be treated as Specified General Conditions. Preconstruction Services include construction planning, design review, cost estimating preliminary to the GMP, scheduling, constructability review, Subcontractor cultivation, development of the commissioning plan (including functional testing procedures) and other activities to be performed by the Construction Manager. The process of developing and negotiating the GMP and the related inclusions, qualifications and exclusions for the Construction Manager's Scope of Work to be included in Section 3.3 of the Agreement will be Specified General Conditions.

§ 1.0.30 **Preconstruction Services Cost.** The Preconstruction Services Cost is defined in Section 5.1.1 of this Agreement and is the compensation payable by the Owner to the Construction Manager for Preconstruction Services.

§ 1.0.31 **Project.** The Project is identified above and defined in Section 1.1.4 of the General Conditions.

§ 1.0.32 **Project Team.** The Project Team consists of the Construction Manager, the Owner, and the Architect, and all consultants and Subcontractors of any tier employed or retained by each of them.

§ 1.0.33 **Request for Information.** A Request for Information ("RFI") means a written request for information made by the Construction Manager to the Architect for the purpose of clarifying or expanding upon the Contract Documents. An RFI does not constitute a notice of Claim.

§ 1.0.34 **Specifications.** The Specifications are defined in Section 1.1.6 of the General Conditions and generally consist of the portion of the Contract Documents consisting of the written requirements for materials, equipment, systems, standards, and workmanship of the Work, and performance of related services.

§ 1.0.35 **Specified General Conditions.** Specified General Conditions are further defined in Article 7 and generally mean certain selected general conditions Work and services set forth in the Contract Documents to be provided by the Construction Manager for the fixed Specified General Conditions price as a part of the Cost of the Work. The Specified General Conditions are to be performed by the Construction Manager with its own forces in most instances. The Specified General Conditions include any Preconstruction Services performed after execution of the GMP Amendment. The Specified General Conditions include, but are not limited to, wages or salaries of the Construction Manager's supervisory and administrative personnel, administration and meeting minutes during construction, the process of developing and negotiating the GMP and the related inclusions, qualifications and exclusions for the Construction Manager's Scope of Work to be included in Section 3.3 of the Agreement, costs associated with the Subcontractor

bidding process, including advertising the Project for bids, developing solicitations, conducting site tours, responding to questions from bidders, and conducting pre-bid conferences, Project Manager during construction, Project Superintendent during construction, Project Engineer(s) during construction, including a senior Project Engineer, Quality Control Manager and quality control during construction, start-up coordinator, funding support documentation, estimating during construction, schedule development and updating during construction, subcontract administration and coordinating, on-site storage and handling of materials, Construction Manager accounting and cost accounting, cash flow analysis during construction, administration of the Project safety program, application for payment preparation and negotiation, change order preparation and negotiation, communications and coordination, managing regulatory requirements, review and processing of submittals, shop drawings, and samples, maintaining and updating BIM models during construction, coordination of testing laboratory, equipment, phones and supplies related to management, travel and subsistence for supervision assigned to Project (but only to the extent the Construction Manager's supervisory employees are relocating to the Project from a distance further than 100 miles), company-owned vehicles assigned to staff (company trucks), gas, oil, and maintenance for vehicles assigned to staff, coordination of any separate contractors, contract close-out, punch-list preparation and administration, and project-specific electronic equipment and software at site.

§ 1.0.36 Subcontracting Plan. The Subcontracting Plan is defined in Sections 1.1.14 and 3.1.1.1 and is prepared by the Construction Manager for the Owner's approval prior to conclusion of the Construction Documents phase. It identifies all proposed Subcontractor bid packages, any contemplated alternative Subcontractor selection process permitted by Chapter 39.10 RCW, all Subcontractor bid packages for which the Construction Manager expects to compete, all preliminary Subcontractor scopes of work, the timing of solicitation of Subcontractor bid packages to meet the construction schedule, major coordination issues with other packages, and means to enhance the opportunity for local businesses to participate in performing the Work.

§ 1.0.37 Subcontractor. A Subcontractor is defined in Section 5.1 of the General Conditions and is generally a person or entity that has a direct contract with the Construction Manager. A Subcontractor of any tier is a Subcontractor or a lower tier subcontractor that performs a portion of the Work or supplies materials or equipment for the Work. A Design-Build Subcontractor is a Subcontractor that will not only construct a portion of the Work but also will design that portion as specified in the Contract Documents.

§ 1.0.38 Substantial Completion. Substantial Completion is defined in Section 9.8.1 of the General Conditions. Substantial Completion generally is the date when the Work (or other portion thereof designated and approved by the Architect and the Owner) when the construction is sufficiently complete, in accordance with the Contract Documents, so the Owner can fully occupy or utilize the Work (or portion thereof designated by the Owner) for its intended use. The required date of Substantial Completion is established in the GMP Amendment. There may be separate required dates of Substantial Completion set forth in the Contract Documents for various portions of the Work.

§ 1.0.39 Work. The Work is defined in Section 1.1.3 of the General Conditions and generally means the construction and services performed and materials supplied during the Construction Phase as required by the Contract Documents, whether completed or partially completed, and includes all other labor, materials, equipment, and services provided or to be provided by the Construction Manager to fulfill requirements of the Contract Documents.

ARTICLE 1 INITIAL INFORMATION

§ 1.1 This Agreement is based on the Initial Information set forth in this Section 1.1.

(For each item in this section, insert the information or a statement such as "not applicable" or "unknown at time of execution.")

§ 1.1.1 The Owner's program for the Project, as described in Section 4.1.1:

(Insert the Owner's program, identify documentation that establishes the Owner's program, or state the manner in which the program will be developed.)

«The Owner's program will be set forth in specifications prepared by the Architect in coordination with the Owner.»

§ 1.1.2 The Project's physical characteristics:

(Identify or describe pertinent information about the Project's physical characteristics, such as size; location; dimensions; geotechnical reports; site boundaries; topographic surveys; traffic and utility studies; availability of public and private utilities and services; legal description of the site, etc.)

«The Project involves construction of a 2-story, 70,000 sf replacement hospital and adjoining 30,000 sf medical office building.»

§ 1.1.3 The Owner's budget for the Guaranteed Maximum Price, as defined in Article 6:
(Provide total and, if known, a line item breakdown.)

«The Owner's budget for the Guaranteed Maximum Price will be established in connection with negotiation of the GMP Amendment.»

§ 1.1.4 The Owner's anticipated design and construction milestone dates:

.1 Design phase milestone dates, if any:

«TBD»

.2 Construction commencement date:

«TBD»

.3 Substantial Completion date or dates:

«TBD»

.4 Other milestone dates:

«TBD»

§ 1.1.5 The Owner's requirements for accelerated or fast-track scheduling, or phased construction, are set forth below:
(Identify any requirements for fast-track scheduling or phased construction.)

«TBD»

§ 1.1.6 The Owner's anticipated Sustainable Objective for the Project:
(Identify and describe the Owner's Sustainable Objective for the Project, if any.)

«TBD»

§ 1.1.6.1 If the Owner identifies a Sustainable Objective, the Owner and Construction Manager may complete and incorporate AIA Document E234™-2019, Sustainable Projects Exhibit, Construction Manager as Constructor Edition, into this Agreement to define the terms, conditions and services related to the Owner's Sustainable Objective. If E234-2019 is incorporated into this agreement, the Owner and Construction Manager may incorporate the completed E234-2019 into the agreements with the consultants and contractors performing services or Work in any way associated with the Sustainable Objective.

§ 1.1.7 Other Project information:

(Identify special characteristics or needs of the Project not provided elsewhere.)

«N/A»

§ 1.1.8 The Owner identifies the following representative in accordance with Section 4.2:
(List name, address, and other contact information.)

«David Rollins»

«Chief Financial Officer, Prosser Memorial Health»

«723 Memorial Street»

«Prosser, WA 99350»

«Tel. 509-786-6605»

«E-mail: drollins@prosserhealth.org»

§ 1.1.9 The persons or entities, in addition to the Owner's representative, who are required to review the Construction Manager's submittals to the Owner are as follows:
(List name, address and other contact information.)

«NV5, the Owner's Program Manager, as identified in Article 1.1.10.3 below»

§ 1.1.10 The Owner shall retain the following consultants and contractors:
(List name, legal status, address, and other contact information.)

.1 Geotechnical Engineer:

«GeoProfessional Innovation»
«5804 Road 90, Suite I»
«Pasco, WA 99301»

.2 Civil Engineer:

«Expedient Civil Engineering (as Basic Services through bcDESIGNGROUP, LLC)»

.3 Other, if any:

(List any other consultants retained by the Owner, such as a Project or Program Manager.)

«NV5»
«Attn: Paul Kramer, Project Director»
«2650 18th Street, Suite 202»
«Denver, CO 80211»
«Tel. 216-225-4273»

§ 1.1.11 The Architect's representative:
(List name, address, and other contact information.)

«Kurt Broeckelmann»
«bcDESIGNGROUP, LLC»
«12101 W 110th Street, Suite 100»
«Overland Park, KS 66201»
«Tel. 913-269-3449»
«E-mail: kurtb@bc-dg.com»

§ 1.1.12 The Construction Manager identifies the following representative in accordance with Article 3:
(List name, address, and other contact information.)

«
»
«Bouten Construction Co.»
«1060 Jardin Ave, Suite 300»
«Richland, WA 99352»
«Tel. _____»
«E-mail: _____»

§ 1.1.13 The Owner's requirements for the Construction Manager's staffing plan for Preconstruction Services, as required under Section 3.1.9:
(List any Owner-specific requirements to be included in the staffing plan.)

«The Owner's requirements for the Construction Manager's Preconstruction Services staffing are as specified in the Preconstruction Services Agreement executed separately between the Owner and the Construction Manager (Exhibit B).»

§ 1.1.14 The Owner's requirements for subcontractor procurement for the performance of the Work:

(List any Owner-specific requirements for subcontractor procurement.)

«Prior to negotiation of the GMP, the Owner and the Construction Manager shall negotiate, and the Owner shall approve, the following items, which shall be included with the Subcontracting Plan as an exhibit to the GMP Amendment.

- .1 All subcontract bid packages, specifying those upon which the Construction Manager or its affiliates intend to bid;
- .2 The scopes of work and timing of solicitation of bids for the packages to meet the construction schedule;
- .3 Major coordination issues with other packages;
- .4 The scope of work and cost estimates for each subcontract bid package;
- .5 The basis used by the Construction Manager to develop all cost estimates;
- .6 The allocation of Negotiated Support Services and Specified General Conditions; and
- .7 The Construction Manager's updated outreach plan and means to enhance the opportunity to participate in the Project of local businesses, small business entities, disadvantaged business entities, and any other disadvantaged or underutilized businesses as the Owner may designate in the public solicitation of proposals, as Subcontractors and suppliers for the Project (e.g., through development of small and multiple subcontract bid packages).»

§ 1.1.15 Other Initial Information on which this Agreement is based:

«N/A»

§ 1.2 The Owner and Construction Manager may rely on the Initial Information. Both parties, however, recognize that such information may materially change and, in that event, the Owner and the Construction Manager shall appropriately adjust the Project schedule, the Construction Manager's services, and the Construction Manager's compensation. The Owner shall adjust the Owner's budget for the Guaranteed Maximum Price and the Owner's anticipated design and construction milestones, as necessary, to accommodate material changes in the Initial Information.

§ 1.3 The Construction Manager's representative shall not be changed without thirty (30) days' prior notice to the Owner. In the event the Construction Manager's representative is being replaced for any reason, the Owner shall be provided an opportunity to interview the proposed replacement, and request an alternate staff member(s), if required.

ARTICLE 2 GENERAL PROVISIONS

§ 2.1 The Contract Documents

The Contract Documents consist of this Agreement and its exhibits, the General Conditions of the Contract in the form attached hereto, any Supplementary Conditions, Drawings, Specifications, Addenda issued prior to execution of this Agreement, other documents listed in this Agreement, and Modifications issued after execution of this Agreement, all of which form the Contract and are as fully a part of the Contract as if attached to this Agreement or repeated herein. Upon the Owner's acceptance of the Construction Manager's Guaranteed Maximum Price proposal, the Contract Documents will also include the documents described in Section 3.2.3 and identified in the Guaranteed Maximum Price Amendment and revisions prepared by the Owner with the assistance of the Architect and furnished by the Owner as described in Section 3.2.8. The Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations or agreements, either written or oral. If anything in the other Contract Documents, other than a Modification, is inconsistent with this Agreement, this Agreement shall govern. An enumeration of the Contract Documents, other than a Modification, appears in Article 15.

§ 2.2 Relationship of the Parties

The Construction Manager accepts the relationship of trust and confidence established by this Agreement and covenants with the Owner to cooperate with the Architect and exercise the Construction Manager's skill and judgment in furthering the interests of the Owner to furnish efficient, professional, and competent construction administration, cost estimating, management services, and supervision with sufficient quantities of fully qualified, competent and experienced personnel; to furnish at all times an adequate supply of workers and materials; and to perform the Work in an expeditious, workmanlike, and economical manner consistent with the Owner's interests. The Owner agrees to furnish or approve, in a timely manner, information required by the Construction Manager and to make payments to the Construction Manager in accordance with the requirements of the Contract Documents. The parties shall endeavor to promote harmony, mutual respect, and cooperation among the Owner, the Architect, and the Construction Manager, and other persons or entities employed by them for the Project to the fullest extent possible in order to further the interests of

the Owner in the Project and to effect prompt and successful completion of the Project within the requirements of the Contract Documents, the Contract Time, and the GMP.

§ 2.3 General Conditions

§ 2.3.1 For the Preconstruction Phase, AIA Document A201™–2017, General Conditions of the Contract for Construction, in the form attached hereto, shall apply as follows: Section 1.5, Ownership and Use of Documents; Section 1.7, Digital Data Use and Transmission; Section 1.8, Building Information Model Use and Reliance; Section 2.2.4, Confidential Information; Section 3.12.10, Professional Services; Section 10.3, Hazardous Materials; Section 13.1, Governing Law, and any other Sections noted in this Agreement. The term “Contractor” as used in A201–2017 shall mean the Construction Manager.

§ 2.3.2 For the Construction Phase, the General Conditions of the Contract shall be as set forth in the A201–2017, General Conditions of the Contract for Construction, in the form attached hereto, which document is incorporated herein by reference. The term “Contractor” as used in A201–2017 shall mean the Construction Manager.

ARTICLE 3 CONSTRUCTION MANAGER’S RESPONSIBILITIES

The Construction Manager’s Preconstruction Phase responsibilities are set forth in Sections 3.1 and 3.2, and in the applicable provisions of A201–2017 referenced in Section 2.3.1. The Construction Manager’s Construction Phase responsibilities are set forth in Section 3.3. The Owner and Construction Manager may agree, in consultation with the Architect, for the Construction Phase to commence prior to completion of the Preconstruction Phase, in which case, both phases will proceed concurrently. The Construction Manager shall identify a representative authorized to act on behalf of the Construction Manager with respect to the Project.

The Construction Manager shall perform the Preconstruction Services, shall be responsible for coordinating the activities of construction during the Construction Phase if the GMP Amendment is signed, shall be fully responsible for discharging all of the Construction Manager’s obligations under the Contract Documents, and, during the Preconstruction and Construction Phases, shall advise and work with the Project Team to make recommendations for alternate or substitute products and technologies, construction techniques, methods, and practices based on maintainability and durability as well as cost savings, time savings, and/or other related efficiencies. The Construction Manager’s obligations herein shall not apply to phases of the Project that were completed prior to execution of this Agreement.

§ 3.1 Preconstruction Phase

§ 3.1.1 Extent of Responsibility

The Construction Manager shall perform the Preconstruction Phase Services required by Sections 3.1 and 3.2 of this Agreement. The Construction Manager shall exercise reasonable care in performing its Preconstruction Services. The Owner and Architect shall be entitled to rely on, and shall not be responsible for, the accuracy, completeness, and timeliness of services and information furnished by the Construction Manager. The Construction Manager, however, does not warrant or guarantee estimates and schedules except as may be included as part of the Guaranteed Maximum Price. The Construction Manager is not required to ascertain that the Drawings and Specifications prepared by the Architect are in accordance with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities, but the Construction Manager shall promptly report in writing to the Architect and the Owner any nonconformity discovered by or made known to the Construction Manager as a request for information in such form as the Architect may require.

§ 3.1.1.1 The Construction Manager shall carefully review Drawings and Specifications submitted to it as the design for the Project advances. The Construction Manager shall promptly report to the Owner and the Architect any error, inconsistency or omission that the Construction Manager may discover in them and shall recommend changes and alternatives. The Construction Manager’s review shall be made in the Construction Manager’s capacity as a contractor and not as a licensed design professional.

§ 3.1.2

§ 3.1.3 Consultation and Coordination

§ 3.1.3.1 The Construction Manager shall jointly schedule and conduct meetings with the Architect and Owner on a bi-weekly basis or as mutually agreed during the Preconstruction Phase and the Construction Documents Phase to discuss such matters as procedures, progress, coordination, and scheduling of the Work.

§ 3.1.3.2 The Construction Manager shall actively and collaboratively advise the Owner and Architect on selection of materials, building systems, and equipment. The Construction Manager shall also actively and collaboratively provide recommendations to the Owner and Architect, consistent with the Project requirements, on constructability, including through constructability coordination and clash detection using building information modeling (BIM) technology; availability of materials and labor; time requirements for procurement, installation and construction; sequencing, phasing and site work planning; traffic planning; factors related to construction quality, local market trends, bidding strategies, maintainability and durability; prefabrication; and factors related to construction cost including, but not limited to, preliminary budgets, life-cycle data, and possible cost reductions. The Construction Manager shall consult with the Architect regarding professional services to be provided by the Construction Manager during the Construction Phase.

§ 3.1.3.3 The Construction Manager shall assist the Owner and Architect in establishing building information modeling and digital data protocols for the Project, using, if agreed among the parties, AIA Document E203™-2013, Building Information Modeling and Digital Data Exhibit, to establish the protocols for the development, use, transmission, and exchange of digital data.

§ 3.1.3.4 **Design Review.** The Construction Manager shall review the Design Development Documents and Construction Documents, Specifications, and other Contract Documents as they are developed and completed. The Construction Manager shall promptly report in writing to the Owner and the Architect any errors, inconsistencies, incomplete information, questions or other deficiencies that the Construction Manager has discovered and that need to be resolved for the successful completion of the Work, paying particular attention to coordination issues. Design review activities are to be a cooperative and collaborative effort with the Architect, the Owner and their consultants. The Construction Manager shall recommend changes and alternatives to the Architect, without, however, assuming any of the Architect's design responsibilities, except to the extent the Construction Manager or a Subcontractor performs design-build Work. The Construction Manager is not responsible to ascertain that the Drawings and Specifications prepared by the Architect are in accordance with applicable laws, statutes, ordinances, building codes, rules and regulations. However, if the Construction Manager recognizes that portions of the Drawings and Specifications vary from the requirements of applicable laws, statutes, ordinances, building codes, rules and regulations, the Construction Manager shall promptly notify the Architect and the Owner in writing.

§ 3.1.3.5 **Constructability.** The Construction Manager shall work with the Owner and Architect to advise and comment on constructability of the Project. Key objectives of the constructability program will include creation and maintenance of a well-planned, safe, effective, cooperative and mutually beneficial work environment for all participants. A primary objective of these efforts will be to assist the Owner to ensure that the final GMP does not exceed the Owner's budget and the Project is completed on time. The Construction Manager shall perform actions designed to minimize adverse effects of labor or material shortages or delays; time requirements for procurement, installation and construction completion; and factors related to construction cost.

§ 3.1.3.6 **Value Engineering.** The Construction Manager will participate in value engineering on a continuing basis with the assistance of the Architect.

§ 3.1.4 Project Schedule

When Project requirements in Section 4.1.1 have been sufficiently identified, and by no later than thirty (30) days after execution of this Agreement, the Construction Manager shall prepare a Project schedule for the Architect's and the Owner's input and review and the Owner's acceptance. The Construction Manager shall obtain the Architect's and the Owner's approval for the portion of the Project schedule relating to the performance of the Architect's services. The Construction Manager shall update this schedule on a monthly basis. The Project schedule shall coordinate and integrate the Construction Manager's services, the Architect's services, other Owner consultants' services, and the Owner's responsibilities; and identify items that could affect the Project's timely completion. The updated Project schedule shall include the following: submission of the Guaranteed Maximum Price proposal; components of the Work; times of commencement and completion required of each Subcontractor; ordering and delivery of major critical products, including those that must be ordered in advance of construction; and the occupancy requirements of the Owner. In addition to the Project schedule, the Construction Manager will also be responsible for preparing and updating the construction schedule, including a plan for phased construction defined in the Contract Documents

§ 3.1.5 Phased Construction

§ 3.1.6 Cost Estimates

§ 3.1.6.1

§ 3.1.6.2

§ 3.1.6.3

§ 3.1.7

§ 3.1.8 The Construction Manager shall provide recommendations and information to the Owner and Architect regarding equipment, materials, services, and temporary Project facilities.

§ 3.1.9 The Construction Manager shall provide a staffing plan for Preconstruction Phase services for the Owner's review and approval.

§ 3.1.10 If the Owner identified a Sustainable Objective in Article 1, the Construction Manager shall fulfill its Preconstruction Phase responsibilities as required in AIA Document E234™-2019, Sustainable Projects Exhibit, Construction Manager as Constructor Edition, if used by the parties and attached to this Agreement.

§ 3.1.11 Subcontractors and Suppliers

§ 3.1.11.1 If the Owner has provided requirements for subcontractor procurement in section 1.1.14, the Construction Manager shall provide a subcontracting plan, addressing the Owner's requirements, for the Owner's review and approval prior to conclusion of the Construction Documents Phase.

§ 3.1.11.2 The Construction Manager shall use its best efforts to develop bidders' interest in the Project. The Construction Manager shall consider prebid determination of Subcontractor eligibility to the extent permitted by law and shall furnish to the Owner and Architect for their information as a part of the submittal of its Subcontracting Plan a list of possible eligible Subcontractors, including suppliers who are to furnish materials or equipment fabricated to a special design, from whom proposals will be requested for each principal portion of the Work. The Owner will promptly reply in writing to the Construction Manager if the Architect or Owner knows of any objection to such Subcontractor or supplier. The receipt of such list shall not require the Owner or Architect to investigate the qualifications of proposed Subcontractors or suppliers, nor shall it or the lack of any objection waive the right of the Owner or Architect later to object to or reject any proposed subcontractor or supplier.

§ 3.1.11.3

§ 3.1.11.4 No more than thirty percent (30%) of the total sum of the GMP (not including Negotiated Support Services) may be performed or supplied by the Construction Manager.

§ 3.1.11.5 If the Owner is unable to negotiate to its satisfaction any aspect of Section 3.1.11.1 and Section 1.1.4 above, then the Owner may terminate negotiations with the Construction Manager. The Owner may, but is not obligated to, solicit bids or negotiate with the next highest scored proposer and continue until an agreement is reached or terminate the process.

§ 3.1.12 Procurement

The Construction Manager shall prepare, for the Architect's and the Owner's review and the Owner's acceptance, and shall update at least monthly, a procurement schedule for items and/or associated services that must be ordered well in advance of construction. The Construction Manager shall expedite and coordinate the ordering and delivery of materials and/or associated services that must be ordered or bid in advance of construction. The Construction Manager ordinarily will contract directly for these items and/or services. Any such orders shall be subject to the Owner's prior approval. If the Owner agrees, consistent with RCW 39.10.390, to procure any items prior to the establishment of the Guaranteed Maximum Price, the Owner shall procure the items on terms and conditions reasonably acceptable to the Construction Manager. Upon the establishment of the Guaranteed Maximum Price, the Owner shall assign all contracts for these items to the Construction Manager and the Construction Manager shall thereafter assume full responsibility for them. If the Construction Manager purchases materials in advance of construction, any such materials shall be separately stored and dedicated for use in connection with the Project.

§ 3.1.12.1 The Construction Manager shall update the Project schedule of all long-lead-time items at least monthly. If the Owner so requests in writing, the Construction Manager shall purchase, expedite and complete the procurement of long-lead-time items to effectuate their delivery by the required dates. The Owner shall be responsible for the Cost of the Work relating to long-lead-time items it directs the Construction Manager to purchase, whether or not the Construction Phase commences. The Construction Manager shall promptly notify the Owner of any anticipated delay with respect to long-lead-time items.

§ 3.1.12.2 The Construction Manager shall identify and estimate the value of any items that require off-site storage, together with proposed locations for storage during the course of the Work acceptable to Owner. These locations shall be selected to provide a maximum of protection and minimum of cost and delay associated with delivery to the site.

§ 3.1.12.3 If authorized by the Owner, an Application for Payment may include a request for payment for material delivered to the Project site and suitably stored, for completed preparatory Work and, provided the Construction Manager complies with or furnishes satisfactory evidence of the following, for material stored off the Project site:

- .1 The material will be placed in a bonded warehouse that is structurally sound, dry, lighted, secure and suitable for the materials to be stored;
- .2 Only materials for the Project are stored within the warehouse (or a secure portion of a warehouse set aside for the Project);
- .3 The Construction Manager furnishes the Owner a certificate of insurance extending the Construction Manager's insurance coverage for damage, fire and theft to cover the full value of all materials stored, or in transit;
- .4 The warehouse (or secure portion thereof) is continuously under lock and key, and only the Construction Manager's authorized personnel shall have access;
- .5 The Owner shall at all times have the right of access to stored materials in the possession of the Construction Manager;
- .6 The Construction Manager assumes total responsibility for the stored materials; and
- .7 The Construction Manager furnishes to the Owner proofs of title, satisfactory evidence that the Construction Manager has paid for the materials in question, certified lists of materials stored, bills of lading, invoices and other information as may be required, and shall also furnish notice to the Owner when materials are moved from storage to the Project site.

§ 3.1.13 Compliance with Laws

The Construction Manager shall comply with applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities applicable to its performance under this Contract, and with equal employment opportunity programs, and other programs as may be required by governmental and quasi-governmental authorities.

§ 3.1.14 Other Preconstruction Services

Insert a description of any other Preconstruction Phase services to be provided by the Construction Manager, or reference an exhibit attached to this document

(Describe any other Preconstruction Phase services, such as providing cash flow projections, development of a project information management system, early selection or procurement of subcontractors, etc.)

«See Exhibit B, Preconstruction Services Agreement»

§ 3.2 Guaranteed Maximum Price Proposal

§ 3.2.1 When the Drawings and Specifications are ninety percent (90%) complete, the Owner will submit a "GMP set" or "GMP Model" of Construction Documents to the Construction Manager, and, within thirty (30) days of receipt, the Construction Manager shall, in consultation with the Owner and the Architect, prepare a Guaranteed Maximum Price proposal, including the GMP estimate, for the Owner's and Architect's review, and the Owner's acceptance. As required by RCW 39.10.370, the Construction Manager shall submit a proposed construction management and contracting plan with its GMP proposal. The Guaranteed Maximum Price in the proposal shall be the sum of the Construction Manager's estimate of the Cost of the Work, the Construction Manager's contingency described in Section 3.2.4, and the Construction Manager's Fee described in Section 6.1.2. The Construction Manager shall promptly notify the Owner if it does not consider the Drawings and Specifications to be ninety percent (90%) complete and shall not propose a GMP estimate until the applicable Drawings and Specifications are ninety percent (90%) complete.

§ 3.2.2

§ 3.2.3 The Construction Manager shall include with the Guaranteed Maximum Price proposal a written statement of its basis, which shall include the following:

- .1 A list of the Drawings and Specifications, including all Addenda thereto, and the Conditions of the Contract;
- .2 ;
- .3 A statement of the proposed Guaranteed Maximum Price, including a statement of the estimated Cost of the Work organized by trade categories or systems, including allowances (Specified General Conditions, Negotiated Support Services, and other Article 7 Costs of the Work); the Construction Manager's Contingency set forth in Section 3.2.4; and the Construction Manager's Fee (any Allowances must be limited and pre-approved by the Owner);
- .4 The date of Substantial Completion upon which the proposed Guaranteed Maximum Price is based; and
- .5 A date by which the Owner must accept the Guaranteed Maximum Price; provided, that the Owner shall have not less than thirty (30) days after the date of the proposal in which to accept the proposal.

§ 3.2.3.1 In preparing the Construction Manager's GMP proposal, the Construction Manager shall include its Contingency as part of the MACC, which will be a negotiated amount acceptable to the Owner and not exceed five percent (5%) of the estimated Cost of the Work, for the Construction Manager's exclusive use to cover those costs considered reimbursable as a Cost of the Work but not qualified for inclusion in a Change Order. The Construction Manager may use the Construction Manager's Contingency to pay for Project issues that are within its control, such as design issues that a reasonable construction manager should have resolved during the Preconstruction Services Phase, items in Drawings but not in the Specifications, items on one Drawing but not another, items specified but not drawn, non-specified items within Specifications, buy-out errors or shortfalls, scope gaps, ambiguities in the Construction Documents, damaged Work not covered by insurance, interdisciplinary design coordination, Subcontractor performance, and expediting costs for critical materials. The Construction Manager's Contingency may also be used for issues beyond the Construction Manager's control such as lost time, increases in bid contracts, Subcontractor performance or failure, and expediting costs for critical materials. The Construction Manager must give the Owner notice and supporting cost backup when applying to use the Construction Manager's Contingency. The Construction Manager shall use the Contingency only with the Owner's prior written consent, which shall not unreasonably be withheld. Each use of Construction Manager's Contingency shall be shown as a separate line item in the schedule of values submitted with Applications for Payment. Any balance remaining in the Contingency shall be returned to the Owner as a reduction in the GMP via a deductive Change Order as part of Final Payment. Costs that exceed the contingency shall be at the Construction Manager's risk.

§ 3.2.3.2 The MACC shall include all Subcontractor scope of work by bid package consistent with the Subcontracting Plan, including Work the Construction Manager will self-perform through the subcontract bidding process, and other Article 7 Costs of the Work, including Negotiated Support Services and the Specified General Conditions. It is the intent of the parties that when the GMP is set, the Construction Manager will have participated in and be aware of the existing conditions and proposed design for the Project. It is further intended that the GMP will include all elements necessary to complete the Work in accordance with the Contract Documents, and that Change Orders adjusting the GMP will therefore not be necessary except in limited circumstances as set forth below. Accordingly, the GMP shall be adjusted principally for the following events:

- .1 **Scope Changes.** Owner revisions on scope items previously approved by the Owner and incorporated in the pricing of the GMP.
- .2 **Concealed or Unknown Conditions** as described in Section 3.7.4 of the General Conditions. For example, during the Construction Phase, substantially differing site conditions are encountered that could not have been reasonably anticipated or discovered by the Construction Manager during the Preconstruction Phase.
- .3 **Design Errors or Omissions.** Errors or omissions in the Drawings or Specifications that could not have been anticipated or discovered by the Construction Manager before the GMP was established. However, design errors and omissions do not include, for example: (a) failure to coordinate between trades; (b) requirements of the Specifications that are not specifically shown in Drawings; (c) requirements of the Drawings that are not specifically described in the Specifications; or (d) design changes made at the request of the Construction Manager in order to facilitate the constructability of the Project. The failure of the Architect to specify every detail in the Construction Documents does not eliminate the requirement for the Construction Manager to provide at least a standard commercially available detail that can serve the basic functions of the design.

.4 Allowance adjustments.

§ 3.2.3.3 Examples of events for which the GMP shall not be adjusted include but are not limited to:

- .1 **Subcontractor gaps.** Gaps in scope coverage between Subcontractors, including self-performed Work, that occur after the GMP is negotiated.
- .2 **Scope gaps.** An item indicated in the Drawings or Specifications that was not picked up in the GMP.
- .3 **Ambiguities in the Construction Documents.** Latent or patent ambiguities that the Construction Manager knew of or that a reasonable contractor would have identified and raised with the Owner prior to establishing the GMP.
- .4 **Interdisciplinary Coordination.** Coordination inconsistencies and errors between design disciplines that the Construction Manager is responsible for, including any MC/CM and EC/CM subcontractors.
- .5 **Subcontractor Failure.** A Subcontractor fails to perform or goes bankrupt.
- .6 **Escalation.** The increased cost of materials, equipment and/or labor prices.
- .7 **The Construction Manager's estimating errors.**
- .8 **Expediting Costs.** Costs to expedite the delivery or completion of materials, whether critical or not.
- .9 **Coordination Claims.** Costs related to Subcontractor Claims or charges that result from mistakes or omissions in Subcontractor buyout, or coordination issues between Subcontractors, or interference between Subcontractor and the Construction Manager or among Subcontractors.

§ 3.2.4 In preparing the Construction Manager's Guaranteed Maximum Price proposal, the Construction Manager shall include a contingency for the Construction Manager's exclusive use to cover those costs that are included in the Guaranteed Maximum Price but not otherwise allocated to another line item or included in a Change Order. The Construction Manager's Contingency is described in Section 3.2.3.1.

§ 3.2.5 The Construction Manager shall meet with the Owner and Architect to review the Guaranteed Maximum Price proposal. In the event that the Owner or Architect discover any inconsistencies or inaccuracies in the information presented, they shall promptly notify the Construction Manager, who shall make appropriate adjustments to the Guaranteed Maximum Price proposal, its basis, or both. In connection with reviewing the Guaranteed Maximum Price proposal, the Owner and the Construction Manager will negotiate an agreed liquidated damages rate to be included in the GMP Amendment. The Owner and the Construction Manager agree that the liquidated damages calculation included in the GMP Amendment shall be informed by the actual, delay-related damages that the Owner anticipates it would suffer in the event of a delay, including but not limited to lost revenue, lost profits, ongoing carrying costs of the Project, storage costs including interest and financing costs, additional consultant expenses, additional staff expenses, and utilities, among other delay-related costs.

§ 3.2.6 If the Owner notifies the Construction Manager that the Owner has accepted the Guaranteed Maximum Price proposal in writing before the date specified in the Guaranteed Maximum Price proposal, the Guaranteed Maximum Price proposal shall be deemed effective without further acceptance from the Construction Manager. Following acceptance of a Guaranteed Maximum Price, the Owner and Construction Manager shall execute the Guaranteed Maximum Price Amendment amending this Agreement, a copy of which the Owner shall provide to the Architect. The Guaranteed Maximum Price Amendment shall set forth the agreed upon Guaranteed Maximum Price with the information and assumptions upon which it is based.

§ 3.2.7 The Construction Manager shall not incur any cost to be reimbursed as part of the Cost of the Work prior to the commencement of the Construction Phase, unless the Owner provides prior written authorization for such costs.

§ 3.2.8

§ 3.2.9 Except to the extent the Owner is exempt from the same, the Construction Manager shall include in the Guaranteed Maximum Price all sales, consumer, use and similar taxes (but not Washington State Sales Taxes (WSST) on the Contract Sum) for the Work provided by the Construction Manager that are legally enacted, whether or not yet effective, at the time the Guaranteed Maximum Price Amendment is executed. The only taxes excluded from the GMP and separately reimbursable by the Owner are Washington State Sales Taxes (WSST) on the Contract Sum and Preconstruction Services Cost.

§ 3.2.10 If, upon establishing the GMP, the GMP varies more than fifteen percent (15%) from the budget specified in the RFP due to changes in the scope requested and approved by the Owner, the percentage applied to the MACC to determine the Fee may be renegotiated when the GMP is negotiated.

§ 3.3 Construction Phase

§ 3.3.1 General

§ 3.3.1.1 For purposes of Section 8.1.2 of the A201–2017 General Conditions, the date of commencement of the Work shall mean the date of commencement of the Construction Phase.

§ 3.3.1.2 The Construction Phase shall commence upon the Owner's execution of the Guaranteed Maximum Price Amendment or, prior to acceptance of the Guaranteed Maximum Price proposal, by written agreement of the parties. The written agreement shall set forth a description of the Work to be performed by the Construction Manager, and any insurance and bond requirements for Work performed prior to execution of the Guaranteed Maximum Price Amendment.

§ 3.3.1.3 Although it will not cause the Construction Phase to commence, the Owner may at any time approve the Construction Manager's (a) award of a subcontract, (b) undertaking construction Work with its own forces, or (c) issue a purchase order for materials or equipment required for the Work. Any work so approved and undertaken shall comply with and be subject to this Agreement and the General Conditions.

§ 3.3.2 Administration

§ 3.3.2.1 The Construction Manager shall schedule and conduct weekly progress meetings during construction to discuss such matters as procedures, progress, coordination, scheduling, and status of the Work. The Construction Manager shall, during construction, prepare and promptly distribute minutes of the meetings to the Owner and Architect. During design, the Architect will prepare necessary meeting minutes.

§ 3.3.2.2 Upon the execution of the Guaranteed Maximum Price Amendment, the Construction Manager shall prepare and submit to the Owner and Architect a construction schedule for the Work and a submittal schedule in accordance with Section 3.10 of A201–2017. The Construction Manager shall provide regular monitoring and shall update monthly (or sooner in the event of a substantial change) the construction schedule as the Work progresses.

§ 3.3.2.3 Monthly Report

The Construction Manager shall record the progress of the Project. On a monthly basis, or otherwise as agreed to by the Owner, the Construction Manager shall submit written progress reports to the Owner and Architect, showing percentages of completion and other information required by the Owner. The reports shall:

- .1 Include information concerning both the entire Project and each subcontract bid package.
- .2 Identify variances between scheduled and probable completion dates, and recommend action required to meet schedule completion dates.
- .3 Review the schedule for portions of the Project not started or incomplete and recommend to the Owner alternate procedures or adjustments to meet the scheduled completion dates.
- .4 Provide summary reports of each schedule update.
- .5 Document all significant changes in the schedule and any Owner's approval of them and reflect the reasons for them.
- .6 Record in writing and by photographs the progress of the Project.
- .7 Identify significant problems in scheduling together with recommended corrective action.
- .8 Maintain and report a quality control log.
- .9 Document any outstanding RFIs and risks associated with delayed responses.
- .10 List outstanding submittals and risks associated with delayed responses.
- .11 Document any outstanding Change Orders and any risks associated with delayed responses.
- .12 The status of permits that the Construction Manager is required to coordinate and pickup (the building permit) and obtain (all other permits).

§ 3.3.2.4 Daily Logs

The Construction Manager shall keep, and make available to the Owner and Architect, a daily log containing a record for each day of weather, Subcontractors working on the site, deliveries, Work accomplished, portions of the Work in progress, number and employers of workers on site, identification of equipment on site, problems that might affect progress of the work, accidents, injuries, and other information required by the Owner. The information contained in this log does not constitute notice of a potential or actual Claim to the Owner.

§ 3.3.2.5 Cost Control and Project Status Report

The Construction Manager shall develop a system of cost control for the Work, including regular monitoring of actual costs for activities in progress and estimates for uncompleted tasks and proposed changes. The Construction Manager shall identify variances between actual and estimated costs and report the variances to the Owner and Architect, and shall provide this information in its monthly reports to the Owner and Architect, in accordance with Section 3.3.2.3 above. The Construction Manager shall include a Project status report in a format acceptable to the Owner, listing (i) all pending and/or approved Change Orders and Construction Change Directives (including amounts), (ii) an analysis of the Specified General Conditions and the Negotiated Support Services budget with an explanation of substantial variances from previous budgets, (iii) projected cash flow of construction costs, (iv) an allocation by subcontract bid package and schedule-of-values line item, (v) expenditures to date, (vi) estimates to complete, (vii) forecast at completion, (viii) variances with budget and commitment, and (ix) the items for which the Owner has authorized the Construction Manager to use Contingency, the cost of those authorized items, and the balance of funds remaining in the Contingency account.

§ 3.3.2.6 Subcontractor Work

The Construction Manager shall review and inspect the Work of the Subcontractors on a regular basis for defects and deficiencies in their Work and for conformance with the Drawings, Specifications and other Contract Documents, and shall stop the Work of Subcontractors if necessary. The Construction Manager shall provide notification at regularly scheduled progress meetings of any significant defects or deficiencies and recommend remedial action. The Construction Manager shall take the lead role in negotiating and resolving any disputes with Subcontractors and obtain the Owner's concurrence or approval of all settlements that may affect the GMP before executing change orders with Subcontractors.

§ 3.3.2.7 Records

As part of the Specified General Conditions, the Construction Manager shall maintain, in good order and on a current basis, a record copy of all subcontracts, purchase orders, Drawings marked to record all changes made during construction, Specifications, addenda, Change Orders, and other Modifications; shop drawings; product data; samples; submittals; inspection reports; purchases; materials; equipment; applicable handbooks; maintenance and operating manuals and instructions; other related documents and revisions which arise out of subcontracts or Work. These records shall be available to the Owner, and, at completion of the Project, delivered to the Owner.

§ 3.3.2.8 Staffing

As part of the Specified General Conditions, the Construction Manager shall provide an adequate and experienced staff consistent with or in excess of that specified in its response to the RFP. The staff shall include necessary and appropriate project managers, superintendents, field engineers, engineers, quality control specialists, scheduling engineers, cost engineers, clerical, accounting, and data processing personnel, and others so that, among other things:

- .1 The Work is performed and coordinated in a timely manner in compliance with the Contract Documents;
- .2 Change Order Proposals and responses to Construction Change Directives are submitted to the Owner within ten (10) days after the Construction Manager's receipt;
- .3 Replies to correspondence from the Owner, Subcontractors, and governmental agencies are answered within seven (7) days; and
- .4 Substantial and Final Completion are achieved within the time specified in the Contract Documents and consistent with the General Conditions.

§ 3.3.2.9 Equipment

The Construction Manager shall promptly, following the date of execution of the GMP Amendment, prepare a comprehensive list of equipment that it anticipates using on the Project, whether owned or rented. The Construction Manager shall maintain and submit to the Owner monthly a detailed equipment inventory of all equipment it has purchased and charged as a Cost of the Work or job-owned through aggregate rentals and shall prepare an equipment rental report that identifies the equipment rented for the month and identifies the source of the rented equipment. The inventory shall include (i) the original acquisition cost and date, (ii) the Owner-approved fair market value of the equipment when first used on the Project, and (iii) the final disposition.

ARTICLE 4 OWNER'S RESPONSIBILITIES

§ 4.1 Information and Services Required of the Owner

§ 4.1.1 The Owner shall provide information with reasonable promptness, regarding requirements for and limitations on the Project, including a written program which shall set forth the Owner's objectives, constraints, and criteria, including

schedule, space requirements and relationships, flexibility and expandability, special equipment, systems, sustainability and site requirements.

§ 4.1.2 Prior to the execution of the Guaranteed Maximum Price Amendment, the Construction Manager may request in writing that the Owner provide reasonable evidence that the Owner has made financial arrangements to fulfill the Owner's obligations under the Contract. After execution of the Guaranteed Maximum Price Amendment, the Construction Manager may request such information as set forth in A201-2017 Section 2.2.

§ 4.1.3 The Owner shall establish and periodically update the Owner's budget for the Project, including (1) the budget for the Cost of the Work as defined in Article 7, (2) the Owner's other costs, and (3) reasonable contingencies related to all of these costs. If the Owner significantly increases or decreases the Owner's budget for the Cost of the Work, the Owner shall notify the Construction Manager and Architect. The Owner and the Architect, in consultation with the Construction Manager, may thereafter agree to a corresponding change in the Project's scope and quality.

§ 4.1.4 **Structural and Environmental Tests, Surveys and Reports.** During the Preconstruction Phase, the Owner shall furnish the following information or services with reasonable promptness. The Owner shall also furnish any other information or services under the Owner's control and relevant to the Construction Manager's performance of the Work with reasonable promptness after receiving the Construction Manager's written request for such information or services. The Construction Manager shall be entitled to rely on the accuracy of information and services furnished by the Owner but shall exercise proper precautions relating to the safe performance of the Work.

§ 4.1.4.1 The Owner shall furnish tests, inspections, and reports, required by law and as otherwise agreed to by the parties, such as structural, mechanical, and chemical tests, tests for air and water pollution, and tests for hazardous materials.

§ 4.1.4.2 To the extent required by the Contract Documents, the Owner shall furnish surveys describing physical characteristics, legal limitations and utility locations for the site of the Project, and a written legal description of the site. The surveys and legal information shall include, as applicable, grades and lines of streets, alleys, pavements and adjoining property and structures; designated wetlands; adjacent drainage; rights-of-way, restrictions, easements, encroachments, zoning, deed restrictions, boundaries and contours of the site; locations, dimensions and other necessary data with respect to existing buildings, other improvements and trees; and information concerning available utility services and lines, both public and private, above and below grade, including inverts and depths. All the information on the survey shall be referenced to a Project benchmark.

§ 4.1.4.3 The Owner, when such services are requested and approved by the Owner, shall furnish services of geotechnical engineers, which may include test borings, test pits, determinations of soil bearing values, percolation tests, evaluations of hazardous materials, seismic evaluation, ground corrosion tests and resistivity tests, including necessary operations for anticipating subsoil conditions, with written reports and appropriate recommendations.

§ 4.1.5 During the Construction Phase, the Owner shall furnish information or services required of the Owner by the Contract Documents with reasonable promptness. The Owner shall also furnish any other information or services under the Owner's control and relevant to the Construction Manager's performance of the Work with reasonable promptness after receiving the Construction Manager's written request for such information or services.

§ 4.1.6 If the Owner identified a Sustainable Objective in Article 1, the Owner shall fulfill its responsibilities as required in AIA Document E234™-2019, Sustainable Projects Exhibit, Construction Manager as Constructor Edition, if attached to this Agreement and completed by the Owner and the Construction Manager.

§ 4.2 Owner's Designated Representative

The Owner shall identify a representative authorized to act on behalf of the Owner with respect to the Project. The Owner's representative shall render decisions promptly and furnish information expeditiously, so as to avoid unreasonable delay in the services or Work of the Construction Manager. Except as otherwise provided in Section 4.2.1 of A201-2017, the Architect does not have such authority. The term "Owner" means the Owner or the Owner's authorized representative. Any decisions and approvals involving a change in the scope of the Work, in the GMP, and/or in the Contract Time, or involving modification or waiver of the terms of the Contract Documents, must be approved by the Owner in the manner required by the Owner's policies and procedures.

§ 4.2.1 Legal Requirements. The Owner shall furnish all legal, insurance and accounting services, including auditing services, that may be reasonably necessary at any time for the Project to meet the Owner's needs and interests. The Owner is not required to furnish legal, insurance and accounting services for the benefit of the Construction Manager.

§ 4.3 Architect

The Owner shall retain an Architect to provide services, duties and responsibilities appropriate to the Project. The Owner shall provide the Construction Manager with a copy of the scope of services in the executed agreement between the Owner and the Architect prior to execution of the GMP Amendment, and any further modifications to the Architect's scope of services in the agreement.

§ 4.4 Coordination

The Owner will be responsible for coordinating the activities of the Project Team during the Preconstruction Phase.

ARTICLE 5 COMPENSATION AND PAYMENTS FOR PRECONSTRUCTION PHASE SERVICES

§ 5.1 Compensation

§ 5.1.1 For the Construction Manager's Preconstruction Phase services described in Sections 3.1 and 3.2, the Owner shall compensate the Construction Manager as follows:

(Insert amount of, or basis for, compensation and include a list of reimbursable cost items, as applicable.)

«Compensation for the Preconstruction Services (the "Preconstruction Services Cost") shall be as specified in the Preconstruction Services Agreement executed between the Owner and the Construction Manager (Exhibit B). Costs that would cause the not-to-exceed amount to be exceeded shall be paid by the Construction Manager without reimbursement by the Owner. The Construction Manager's Fee in Section 6.1.2 does not apply to Preconstruction Services. Any savings from the not-to-exceed amount for Preconstruction Services will revert to the Owner.»

§ 5.1.2 The hourly billing rates for Preconstruction Phase services of the Construction Manager and the Construction Manager's Consultants and Subcontractors, if any, are set forth below.

(If applicable, attach an exhibit of hourly billing rates or insert them below.)

«TBD»

Individual or Position	Rate
TBD	TBD

§ 5.1.2.1 Hourly billing rates for Preconstruction Phase services include all costs to be paid or incurred by the Construction Manager, as required by law or collective bargaining agreements, for taxes, insurance, contributions, assessments and benefits and, for personnel not covered by collective bargaining agreements, customary benefits such as sick leave, medical and health benefits, holidays, vacations and pensions, and shall remain unchanged unless the parties execute a Modification.

§ 5.1.3 If the Preconstruction Phase services covered by this Agreement have not been completed within «eighteen» («18») months of the date of this Agreement, through no fault of the Construction Manager, the Construction Manager's compensation for Preconstruction Phase services shall be equitably adjusted.

§ 5.2 Payments

§ 5.2.1 Unless otherwise agreed, payments for services shall be made monthly in proportion to services performed.

§ 5.2.2 Payments are due and payable within thirty (30) days of presentation of the Construction Manager's invoice. The Construction Manager's invoice will contain detail of and support for the services performed, as required by the Owner and the United States Department of Agriculture (USDA). Amounts unpaid «thirty» («30») days after the invoice due date shall bear interest at the rate entered below, or in the absence thereof at the legal rate prevailing from time to time at the principal place of business of the Construction Manager.

(Insert rate of monthly or annual interest agreed upon.)

Pursuant to Chapter 39.76 RCW, not to exceed the Bank of America prime rate plus «one percent» (1%) «per annum»

ARTICLE 6 COMPENSATION FOR CONSTRUCTION PHASE SERVICES

§ 6.1 Contract Sum

§ 6.1.1 The Owner shall pay the Construction Manager the Contract Sum in current funds for the Construction Manager's performance of the Contract after execution of the Guaranteed Maximum Price Amendment. The Contract Sum is the Cost of the Work as defined in Article 7 plus the Construction Manager's Fee and the Construction Manager's Contingency, subject to the Guaranteed Maximum Price.

§ 6.1.2 The Construction Manager's Fee:

(State a lump sum, percentage of Cost of the Work or other provision for determining the Construction Manager's Fee.)

«The Construction Manager's Fee for the Work during the Construction Phase shall be the fixed, lump sum amount that will be calculated as the percentage specified in response to the RFP (3.75%) multiplied by the MACC.»

§ 6.1.3 The method of adjustment of the Construction Manager's Fee for changes in the Work:

«In the event a Change Order is issued for a Change in the Work, the change in the Construction Manager's Fee will be the percentage specified in Section 6.1.2.»

§ 6.1.4 Limitations, if any, on a Subcontractor's overhead and profit for increases in the cost of its portion of the Work:

«The fee for changed Work for which the Owner is responsible and which is directly performed by a Subcontractor of any tier, including overhead and profit, is specified in Section 7.5 of the General Conditions. If a lower-tier Subcontractor performs changed Work, the fee of upper-tier Subcontractors is also specified in Section 7.5 of the General Conditions.»

§ 6.1.5 Rental rates for Construction Manager-owned equipment, over the full duration of the Project, shall not exceed ~~one hundred~~ percent (~~«100»~~%) of the standard rental rate paid at the place of the Project. Rental rates shall be calculated based on actual days of use and standby and shall not be rounded up in any way.

§ 6.1.6 Liquidated damages, if any:

(Insert terms and conditions for liquidated damages, if any.)

«In lieu of actual damages suffered by the Owner as a result of delay and/or loss of use caused by the Contractor, the Owner will assess, and the Contractor will be responsible for, liquidated damages in the amount established in the GMP Amendment for each calendar day beyond the Contract Time that Substantial Completion is not timely achieved, and for each calendar day beyond the Contract Time that Final Completion is not timely achieved. Liquidated damages may be assessed concurrently for Substantial Completion and Final Completion, as applicable, and for multiple phases. In addition, without limiting any right or remedy under this Agreement or at law, the Owner may take over and complete the Work (or any portion of the Work) at any time more than ninety (90) days following Substantial Completion of the Work if Final Completion has not been achieved, and charge all direct and indirect costs of completion against the Contractor. Any sums for which the Contractor is liable to the Owner may be deducted at any time by the Owner from any sums due the Contractor. In the event that no amounts are due from the Owner to the Contractor, then the Owner shall notify the Contractor in writing of the liquidated damages amount that is due, and the Contractor shall pay such amount to the Owner within thirty (30) calendar days of such notice.»

§ 6.1.7 Other:

(Insert provisions for bonus, cost savings or other incentives, if any, that might result in a change to the Contract Sum.)

«If the Project is completed for less than the GMP, any savings shall accrue to the Owner. If the Project is completed for more than the GMP, the additional cost is the responsibility of the Construction Manager.»

§ 6.1.8 The Specified General Conditions will be identified in the GMP Amendment based on the fixed amount identified in Construction Manager's response to the RFP (\$952,000).

§ 6.1.9 The amount for Negotiated Support Services will be negotiated as part of the GMP Amendment.

§ 6.2 Guaranteed Maximum Price

The Construction Manager guarantees that the Contract Sum shall not exceed the Guaranteed Maximum Price set forth in the Guaranteed Maximum Price Amendment, subject to additions and deductions by Change Order as provided in the Contract Documents. Costs which would cause the Guaranteed Maximum Price to be exceeded shall be paid by the Construction Manager without reimbursement by the Owner. The GMP shall include the Construction Manager's Contingency.

§ 6.3 Changes in the Work

§ 6.3.1 The Owner may, without invalidating the Contract, order changes in the Work within the general scope of the Contract consisting of additions, deletions or other revisions. The Owner shall issue such changes in writing. The Construction Manager may be entitled to an equitable adjustment in the Contract Time consistent with the requirements of the Contract Documents as a result of changes in the Work; provided, that at the Owner's option, the Owner may instead approve an increase in the GMP (e.g., for overtime) to ensure so as to ensure the Project is completed within the Contract Time.

§ 6.3.1.1 The Architect and the Owner may order minor changes in the Work as provided in Article 7 of AIA Document A201-2017, General Conditions of the Contract for Construction.

§ 6.3.2 Adjustments to the Guaranteed Maximum Price on account of changes in the Work subsequent to the execution of the Guaranteed Maximum Price Amendment may be determined by any of the methods listed in Article 7 of AIA Document A201-2017, General Conditions of the Contract for Construction.

§ 6.3.3 Adjustments to subcontracts awarded on the basis of a stipulated sum shall be determined in accordance with Article 7 of A201-2017, as they refer to "cost" and "fee," and not by Articles 6 and 7 of this Agreement. Adjustments to subcontracts awarded with the Owner's prior written consent on the basis of cost plus a fee shall be calculated consistent with Article 7 of this Agreement.

§ 6.3.4 In calculating adjustments to the Guaranteed Maximum Price or changed Work performed by the Construction Manager, the terms "cost" and "costs" as used in Article 7 of AIA Document A201-2017 shall mean the Cost of the Work as defined in Article 7 of this Agreement and the term "fee" shall mean the Construction Manager's Fee as defined in Section 6.1.2 of this Agreement.

§ 6.3.5

ARTICLE 7 COST OF THE WORK FOR CONSTRUCTION PHASE

§ 7.1 Costs to Be Reimbursed

§ 7.1.1 The term Cost of the Work shall mean the actual, net costs reasonably and necessarily incurred by the Construction Manager in the proper performance of the Work, without overhead, profit, fee or markup. The Cost of the Work shall include only the items set forth in Sections 7.1 through 7.7.

§ 7.1.2 Where, pursuant to the Contract Documents, any cost is subject to the Owner's prior approval, the Construction Manager shall obtain such approval in writing prior to incurring the cost. The parties shall endeavor to identify any such costs prior to execution of the GMP Amendment.

§ 7.1.3 Costs shall be at rates not higher than the standard rates paid at the place of the Project, except with prior approval of the Owner.

§ 7.2 Labor Costs

§ 7.2.1 Wages or salaries of construction workers directly employed by the Construction Manager to perform the construction of the Work at the site or, with the Owner's prior approval, at off-site workshops or transporting materials, equipment or personnel to and from the Project site. The Owner and the Construction Manager shall agree upon burdened wage rates for all employees and workers under this Section. The rates established shall be fully burdened and inclusive of all wage-based costs including, but not limited to, taxes, insurance, contributions, assessments, and benefits, including sick leave, medical and health benefits, holidays, paid time off, vacations and pensions. The Construction Manager shall not separately bill any such wage-based costs as Costs of the Work.

§ 7.2.2 Wages or salaries of the Construction Manager's supervisory and administrative personnel are included in the Specified General Conditions and not separately reimbursable.

§ 7.2.2.1

§ 7.2.3

§ 7.2.4

§ 7.2.5 If agreed rates for labor costs, in lieu of actual costs, are provided in this Agreement, the rates shall remain unchanged throughout the duration of this Agreement, unless the parties execute a Modification.

§ 7.3 Subcontract Costs

Payments made by the Construction Manager to Subcontractors in accordance with the requirements of the subcontracts and this Agreement. The Construction Manager shall maintain a procedure for the review, processing and payment of applications by the Subcontractors for progress and final payments, all in accordance with the terms and conditions of the Contract Documents. The Construction Manager shall verify the completeness of all applications for payment and assemble and check all supporting documentation required by the Contract Documents or by the subcontracts with respect to each Application for Payment, including all lien waivers and releases.

§ 7.4 Costs of Materials and Equipment Incorporated in the Completed Construction

§ 7.4.1 Costs, including transportation and storage at the site, of materials and equipment incorporated, or to be incorporated, in the completed construction, except on-site storage and handling of materials, which are included under Specified General Conditions and are not separately reimbursable.

§ 7.4.2 Costs of materials described in the preceding Section 7.4.1 in excess of those actually installed to allow for reasonable waste and spoilage. Unused excess materials, if any, shall become the Owner's property at the completion of the Work or, at the Owner's option, shall be sold or returned by the Construction Manager. Any amounts realized from such sales or returns shall be credited to the Owner as a deduction from the Cost of the Work.

§ 7.4.3 Notwithstanding the foregoing, costs of material and equipment procured by the Construction Manager but not incorporated in the completed construction may be included in the Negotiated Support Services, if approved by the Owner. Electronic equipment is separately addressed as part of the Specified General Conditions.

§ 7.5 Costs of Other Materials and Equipment, Temporary Facilities and Related Items

§ 7.5.1 Costs of transportation, storage, installation, dismantling, maintenance, and removal of materials, supplies, temporary facilities, machinery, equipment (as described in the Contract Documents) and hand tools owned and not customarily owned by construction workers that are provided by the Construction Manager at the site and fully consumed in the performance of the Work are included in Negotiated Support Services and are not otherwise reimbursable. Costs of materials, supplies, temporary facilities, machinery, equipment, and tools, that are not fully consumed, shall be based on the cost or value of the item at the time it is first used on the Project site less the value of the item when it is no longer used at the Project site. Costs for items not fully consumed by the Construction Manager shall mean fair market value.

§ 7.5.2 Rental charges (not to exceed the local fair market rental costs) actually paid to non-related third parties for temporary facilities, machinery, equipment, and hand tools not customarily owned by construction workers that are provided by the Construction Manager at the site, and the costs of transportation, installation, dismantling, minor repairs, and removal of such temporary facilities, machinery, equipment, and hand tools. Rates and quantities of equipment owned by the Construction Manager, or a related party as defined in Section 7.8, shall be subject to the Owner's prior approval. The total rental cost over the full duration of the Project of any such Construction Manager-owned equipment may not exceed the lesser of local fair market rental costs or eighty-five percent (85%) of the purchase price of any comparable item.

§ 7.5.2.1 Rentals from the Construction Manager or any entity in which the Construction Manager or one or more of its owners has a direct or indirect ownership interest ("CM Equipment") shall be separately accounted for and the rental costs shall not exceed Rental Rate Blue Book by Data Quest, San Jose, California, or fair market rental costs, whichever are lower. If more than one rate is applicable, the best available rate will be utilized. The rates in effect at the time of the performance of the Work are the maximum rates allowable for equipment of modern design and in good working condition. Equipment not of modern design and/or not in good working condition will have lower rates. Hourly, weekly, and/or monthly rates, as appropriate, will be applied to yield the lowest total cost. If CM Equipment is required

for which a rental rate is not established by the Blue Book, an agreed rental rate shall be established for that equipment, which rate and use must be approved by the Owner prior to performing the Work.

§ 7.5.3 Costs of street cleaning and removal of rubbish and debris from the site of the Work and its proper and legal disposal are included under Negotiated Support Services and are not otherwise reimbursable. While separate contracts for progress cleaning, including removal of rubbish and debris not normally included in a trade subcontract, are Negotiated Support Services, a separate subcontract that specifically requires final cleaning will be reimbursed as an Article 7 Cost of the Work.

§ 7.5.4 Costs of the Construction Manager's site office, including general office equipment and supplies are Negotiated Support Services and are not separately reimbursable.

§ 7.5.5 Costs of materials and equipment suitably stored off the site at a mutually acceptable location, subject to the Owner's prior approval.

§ 7.5.6 Notwithstanding the foregoing, costs of certain material and equipment, temporary facilities and related items procured by the Construction Manager will be included in Negotiated Support Services as set forth in the Contract Documents.

§ 7.6 Miscellaneous Costs

§ 7.6.1 The actual, net costs of premiums for that portion of builder's risk insurance and mandatory GC/CM and Subcontractor bonds (see Chapter 39.10 RCW) required by the Contract Documents that can be directly attributed to this Contract after taking into consideration cost adjustments including, for example, experience modifiers, premium discounts, policy dividends, rebates, and refunds, retrospective rating plan premium adjustments, and assigned risk pool rebates. All other insurance, bond premiums and Subcontractor risk management tools not explicitly required by the Contract Documents (including Subcontractor bonds beyond those required by Chapter 39.10 RCW, default insurance or Subguard®) are not Costs of the Work but are included within the Fee and are not otherwise reimbursable.

§ 7.6.1.1 Costs for self-insurance, for either full or partial amounts of the coverages required by the Contract Documents, is not reimbursable as a Cost of the Work.

§ 7.6.1.2 Costs for insurance through a captive insurer owned or controlled by the Construction Manager is not reimbursable as a Cost of the Work.

§ 7.6.2 Use, income, B&O, or similar taxes (with the exception of Washington State Sales Tax (WSST)), imposed by a governmental authority, that are related to the Work and for which the Construction Manager is liable are included in the Construction Manager's Fee and are not separately reimbursable. Washington State Sales Tax (WSST) to be paid on the Contract Sum will be calculated by the Owner and paid with each progress payment.

§ 7.6.3 Fees and assessments for Project-specific permits, and for other permits, licenses (but not the Construction Manager's business license), and inspections of governmental authorities having jurisdiction, for which the Construction Manager is required by the Contract Documents to pay. The Owner will pay the direct cost of the building permit. The Construction Manager shall coordinate the issuance and pick up of these permits and shall directly pay for (as a Cost of the Work within the GMP) and coordinate all other permits required for the Work.

§ 7.6.4 Fees of laboratories for tests required of the Construction Manager by the Contract Documents, except those related to defective or nonconforming Work for which reimbursement is excluded under Article 13 of AIA Document A201-2017 or by other provisions of the Contract Documents, and which do not fall within the scope of Section 7.7.3. The Construction Manager's testing coordination is included in Negotiated Support Services and is not separately reimbursable as a Cost of the Work.

§ 7.6.5 Royalties and license fees paid for the use of a particular design, process, or product, required by the Contract Documents.

§ 7.6.5.1

§ 7.6.6 Costs for communications services, including computers and cell phones, electronic equipment, and software, directly related to the Work and located at the site, with the Owner's prior approval are included in Specified General Conditions and are not separately reimbursable.

§ 7.6.7 Costs of document reproductions, postage and parcel delivery charges are included in Negotiated Support Services and are not separately reimbursable.

§ 7.6.8 Deposits lost for causes other than the Construction Manager's negligence or failure to fulfill a specific responsibility in the Contract Documents.

§ 7.6.9

§ 7.6.10 Expenses incurred in accordance with the Construction Manager's standard written personnel policy for relocation and temporary living allowances of the Construction Manager's personnel required for the Work, with the Owner's prior approval, are included in Specified General Conditions and are not separately reimbursable.

§ 7.6.11 That portion of the reasonable expenses of the Construction Manager's supervisory or administrative personnel incurred while traveling in discharge of duties connected with the Work with the Owner's prior approval, are included in Specified General Conditions and are not separately reimbursable.

§ 7.6.12 The cost of pre-approved warehousing of stored materials or equipment subsequently incorporated into the Work.

§ 7.7 Other Costs and Emergencies

§ 7.7.1 Other costs incurred in the performance of the Work, with the Owner's prior approval, including temporary heat and temporary hookups and meter installation for water, utilities, natural gas, sewer and storm sewer, necessary for proper execution and completion of the Work.

§ 7.7.2 Costs incurred in taking action to prevent threatened damage, injury, or loss, in case of an emergency affecting the safety of persons and property, as provided in Article 10 of AIA Document A201-2017.

§ 7.7.3 Costs of repairing or correcting damaged or nonconforming Work executed by the Construction Manager, Subcontractors, or suppliers, provided that such damaged or nonconforming Work was not caused by the negligence of, or failure to fulfill a specific responsibility by, the Construction Manager, and only to the extent that the cost of repair or correction is not recovered by the Construction Manager from insurance, sureties, Subcontractors, suppliers, or others.

§ 7.7.4

§ 7.7.5 Negotiated Support Services are reimbursable as a Cost of the Work up to the not-to-exceed Negotiated Support Services amount.

§ 7.7.6 Specified General Conditions are reimbursable as a Cost of the Work for the fixed Specified General Conditions amount.

§ 7.8 Related Party Transactions

§ 7.8.1 For purposes of this Section 7.8, the term "related party" shall mean (1) a parent, subsidiary, affiliate, or other entity having common ownership of, or sharing common management with, the Construction Manager; (2) any entity in which any stockholder in, or management employee of, the Construction Manager holds an equity interest in excess of ten percent in the aggregate; (3) any entity which has the right to control the business or affairs of the Construction Manager; or (4) any person, or any member of the immediate family of any person, who has the right to control the business or affairs of the Construction Manager.

§ 7.8.2 If any of the costs to be reimbursed arise from a transaction between the Construction Manager and a related party, the Construction Manager shall notify the Owner of the specific nature of the contemplated transaction, including the identity of the related party and the anticipated cost to be incurred, before any such transaction is consummated or cost incurred. If the Owner, after such notification, authorizes the proposed transaction in writing, then the cost incurred shall be included as a cost to be reimbursed, and the Construction Manager shall procure the Work, equipment, goods, or service, from the related party, as a Subcontractor, according to the terms of Article 9. If the Owner fails to authorize the transaction in writing, the Construction Manager shall procure the Work, equipment, goods, or service from some person or entity other than a related party according to the terms of Article 9.

§ 7.9 Costs Not To Be Reimbursed

§ 7.9.1 The Cost of the Work shall not include the items listed below, as all such items are covered by the Construction Manager's Fee or are at the Construction Manager's risk:

- .1 Salaries and other compensation of the Construction Manager's personnel stationed at the Construction Manager's principal office or offices other than the site office, except as specifically provided in Section 7.2, or as may be provided in Article 14;
- .2 Bonuses, profit sharing, incentive compensation, and any other discretionary payments, paid to anyone hired by the Construction Manager or paid to any Subcontractor or vendor, unless the Owner has provided prior approval;
- .3 Expenses of the Construction Manager's principal office and offices other than the site office;
- .4 Overhead and general expenses, except as may be expressly included in Sections 7.1 to 7.7;
- .5 The Construction Manager's capital expenses, including interest on the Construction Manager's capital employed for the Work;
- .6 Costs due to the negligence of, or failure to fulfill a specific responsibility of the Contract by, the Construction Manager, Subcontractors, and suppliers, or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable;
- .7 Any cost not specifically and expressly described in Sections 7.1 to 7.7;
- .8 Costs, other than costs included in Change Orders approved by the Owner, that would cause the Guaranteed Maximum Price to be exceeded;
- .9 Costs for services incurred during the Preconstruction Phase, except as specifically allowed herein;
- .10 Direct payments by the Owner for the building permit and plan-check fees are not a part of the Cost of the Work or the GMP;
- .11 Overtime wages, unless pre-approved by the Owner;
- .12 Main or home office accounting, data processing, software, hardware or computer-related costs not included in the Specified General Conditions;
- .13 Penalties and fines imposed by a governmental entity due to the acts or omissions of the Construction Manager or its subcontractors of any tier;
- .14 Safety and warranty administration costs not included in the Negotiated Support Services;
- .15 Liquidated damages;
- .16 Legal, consultant, or claims-related expenses;
- .17 Warehousing in the Construction Manager's facility; and
- .18 Business or contractor registration licenses.

ARTICLE 8 DISCOUNTS, REBATES, AND REFUNDS

§ 8.1 Cash discounts obtained on payments made by the Construction Manager shall accrue to the Owner. Trade discounts, rebates, refunds, and amounts received from sales of surplus materials and equipment shall accrue to the Owner, and the Construction Manager shall make provisions so that they can be obtained. The Construction Manager shall notify the Owner in a timely manner of the availability of such cash discounts, rebates, or refunds.

§ 8.2 Amounts that accrue to the Owner in accordance with the provisions of Section 8.1 shall be credited to the Owner as a deduction from the Cost of the Work.

ARTICLE 9 SUBCONTRACTS AND OTHER AGREEMENTS

§ 9.1 Those portions of the Work that the Construction Manager does not customarily perform with the Construction Manager's own personnel shall be performed under subcontracts or other appropriate agreements with the Construction Manager. The Construction Manager shall assemble the bidding materials, manage the bidding process, and obtain bids from Subcontractors, and from suppliers of materials or equipment fabricated especially for the Work, who are qualified to perform that portion of the Work in accordance with the requirements of the Contract Documents. The Construction Manager shall comply with the applicable requirements of Chapter 39.10 RCW in soliciting subcontractor bids, the provisions of which shall take precedence over any inconsistent provisions of the Contract Documents. The Construction Manager shall deliver such bids to the Architect and Owner with an indication and recommendation as to which bids the Construction Manager intends to accept. The Owner then has the right to review the Construction Manager's list of proposed subcontractors and suppliers in consultation with the Architect and, subject to Section 9.1.1, to object to any subcontractor or supplier. Any advice of the Architect, or approval or objection by the Owner, shall not relieve the Construction Manager of its responsibility to perform the Work in accordance with the Contract Documents. The Construction Manager shall not be required to contract with anyone to whom the Construction Manager has reasonable objection.

§ 9.1.1.1 Unless all bids are rejected, subcontract bid packages shall be awarded to the “responsible” and responsive bidder submitting the low responsive bid. Determination of “responsibility” shall comply with the requirements of Chapter 39.10 RCW and Washington law.

- .1 Other than Work under the Specified General Conditions and Negotiated Support Services, all Work on the Project shall be competitively bid as required by Chapter 39.10 RCW. Negotiated Support Services shall not be bid as a package, but individual components of Negotiated Support Services may be bid. The Construction Manager may, subject to Chapter 39.10 RCW, organize and solicit bids for the subcontract work in whatever combinations or packages it chooses, but the Construction Manager may not use alternates without approval of the Owner.
- .2 The Construction Manager shall bid out the subcontract bid packages in accordance with its approved Subcontracting Plan. The Construction Manager shall document and report bi-weekly to the Owner on its procurement process. The Owner’s written approval is required for changes to the Subcontracting Plan.
- .3 Before initially soliciting bids for the first subcontract bid package, the Construction Manager shall submit, and the Owner shall reasonably approve, final bid package estimates for all subcontract bid packages in the approved Subcontracting Plan. The sum of the final bid package estimates included in the approved Subcontracting Plan, plus any other Costs of the Work (including Negotiated Support Services and Specified General Conditions) and the Contractor’s Contingency shall not exceed the estimated MACC.
- .4 When in the best interests of the Project and critical to the successful completion of a subcontract bid package, the Owner and Construction Manager may make a prebid determination of Subcontractor eligibility in accordance with Chapter 39.10 RCW. In addition, if the anticipated subcontract value will exceed \$3 million and the Owner consents, the Construction Manager may select a mechanical Subcontractor, an electrical Subcontractor, or both, in accordance with the alternative procedure specified in RCW 39.10.385.
- .5 As part of its Subcontracting Plan, the Construction Manager shall promptly notify the Owner of Work (other than Negotiated Support Services and Specified General Conditions) that it will seek to self-perform. The Construction Manager, including its subsidiaries and affiliates, may bid on a subcontract bid package if the Work within the subcontract bid package is customarily performed by the Construction Manager, if the Construction Manager has, in the Owner’s reasonable opinion, aggressively sought competition, if the bid opening is managed by the Owner, if notification of the Construction Manager’s intention to bid is included in the public solicitation of bids for the bid package, and if the Construction Manager otherwise complies with Chapter 39.10 RCW. The Construction Manager must provide staff to superintend and manage work it performs in subcontract bid packages with individuals separate and distinct from the staff involved in the overall management of this Contract. The Construction Manager shall coordinate subcontract bid package Work it performs with the Work of Subcontractors.
- .6 The Construction Manager shall require a bid bond from Subcontractors bidding work expected to cost more than \$300,000, and all Subcontractors awarded a subcontract in excess of \$300,000 shall provide a performance and payment bond for the subcontract amount.
- .7 The Construction Manager’s solicitations of subcontract bid packages shall be made in accordance with the following procedures:
 - A representative from the Owner will be present at each bid opening to observe the procedure.
 - Solicitations for bids will be advertised at least fourteen (14) days in advance in a legal newspaper circulated in the area of the Project.
 - Bidders may obtain the bid results by telephone from the Construction Manager.
 - Responsiveness requirements and bidding procedures will be described in each solicitation and may be reviewed with the Owner prior to a bid opening.
- .8 The Construction Manager shall ensure compliance with Chapter 39.10 RCW and with all the above requirements for Subcontractor solicitation, and subcontracts shall conform to the requirements of Chapter 39.10 RCW.
- .9 The services performed by the Construction Manager in soliciting subcontract bid packages are covered under the Specified General Conditions.
- .10 The Construction Manager shall promptly contract with the selected bidder and shall promptly deliver a copy of each subcontract to the Owner.

§ 9.2 Subcontracts or other agreements shall conform to the applicable payment provisions of this Agreement, and shall not be awarded on the basis of cost plus a fee with the exception of any contracts awarded, with the Owner's approval, under the alternative procedure of RCW 39.10.385 on a cost plus fee basis, which shall include a maximum allowable subcontract cost. If mechanical and/or electrical subcontracts are awarded on the basis of cost plus a fee in accordance with the alternative procedure specified in RCW 39.10.385 on a cost plus fee basis, the Construction Manager shall provide in the subcontract for the Owner to receive the same audit rights with regard to the Subcontractor as the Owner receives with regard to the Construction Manager in Article 10 and these Subcontractors shall be audited prior to final payment in accordance with Section 11.2.

ARTICLE 10 ACCOUNTING RECORDS

The Construction Manager and its cost-reimbursable Subcontractors shall keep full and detailed records and accounts related to the Cost of the Work, and exercise such controls, as may be necessary for proper financial management under this Contract and to substantiate all costs incurred. The accounting and control systems shall be satisfactory to the Owner. Substantiation for lump-sum subcontracts shall include the Subcontractors' bid proposals, the Construction Manager's bid tabulation worksheets, invoices to the Construction Manager and monthly schedules of values. The Owner and the Owner's auditors shall, during regular business hours and upon reasonable notice, be afforded access to, and shall be permitted to audit and copy (including electronically copy), the Construction Manager's and Subcontractors' original records and accounts, including complete documentation supporting accounting entries, books, ledgers, computerized records, daily reports, job cost reports, correspondence, instructions, drawings, receipts, subcontracts, Subcontractor's proposals, Subcontractor's invoices, purchase orders, vouchers, memoranda, and other data relating to this Contract, including any Claims made under this Contract. The Construction Manager shall preserve these records for a period of three years after final payment, or for such longer period as may be required by law, by any Supplementary Conditions, and/or by USDA.

ARTICLE 11 PAYMENTS FOR CONSTRUCTION PHASE SERVICES

§ 11.1 Progress Payments

§ 11.1.1 Based upon Applications for Payment submitted in accordance with the Contract Documents to the Owner by the Construction Manager, and Certificates for Payment issued by the Architect, the Owner shall make progress payments on account of the Contract Sum, to the Construction Manager, as provided below and elsewhere in the Contract Documents. The submission of this Application constitutes a certification that the Work is current on the construction schedule, unless otherwise noted on the Application. The Application shall be in a form acceptable to the Owner.

§ 11.1.2 The period covered by each Application for Payment shall be one calendar month ending on the last day of the month, or as follows:

«N/A»

§ 11.1.3 Details regarding the Application for Payment process are addressed in Section 9.3 of the General Conditions. Provided that an Application for Payment is received by the Owner not later than the «last» day of a month, the Owner shall make payment of the amount certified to the Construction Manager not later than the «last» day of the «following» month. If an Application for Payment is received by the Architect after the application date fixed above, payment of the amount certified shall be made by the Owner not later than «thirty» («30») days after the Architect receives the Application for Payment.

(Federal, state or local laws may require payment within a certain period of time.)

§ 11.1.4 With each Application for Payment, the Construction Manager shall submit lien releases and an itemized listing of all expenses and Costs of the Work that are being billed in such Application for Payment. The Owner shall have the option to request detailed back-up and proof of such expenses and Costs of the Work, including payrolls, petty cash accounts, receipted invoices or invoices with check vouchers attached, and any other evidence required by the Owner or Architect to demonstrate that payments already made by the Construction Manager on account of the Cost of the Work equal or exceed progress payments already received by the Construction Manager.

§ 11.1.5 Each Application for Payment shall be based on the most recent schedule of values submitted by the Construction Manager in accordance with the Contract Documents. The schedule of values shall allocate the entire Guaranteed Maximum Price among: (1) the various portions of the Work; (2) any contingency for costs that are included in the Guaranteed Maximum Price but not otherwise allocated to another line item or included in a Change Order; and (3) the Construction Manager's Fee. Within the Schedule of Values, the Construction Manager's Fee,

Negotiated Support Services, Specified General Conditions, and the Contractor's Contingency shall be shown as separate line items.

§ 11.1.5.1 The schedule of values shall be prepared in such form and supported by such data to substantiate its accuracy as the Owner and the Architect may require. The schedule of values shall be used as a basis for reviewing the Construction Manager's Applications for Payment. Each schedule of values prepared by the Construction Manager must be submitted to the Owner and the Architect for review and approval at least thirty (30) days prior to the schedule of values being included in an Application for Payment.

§ 11.1.5.2 The allocation of the Guaranteed Maximum Price under this Section 11.1.5 shall not constitute a separate guaranteed maximum price for the Cost of the Work of each individual line item in the schedule of values.

§ 11.1.5.3 When the Construction Manager allocates costs from a contingency to another line item in the schedule of values, the Construction Manager shall submit supporting documentation to the Owner and the Architect. The Construction Manager shall not re-allocate or use any Contingency funds prior to receiving from the Owner a written, signed approval letter that clearly defines associated costs and the basis for use of the Contingency funds.

§ 11.1.6 Applications for Payment shall show the percentage of completion of each portion of the Work as of the end of the period covered by the Application for Payment. The percentage of completion shall be the lesser of (1) the percentage of that portion of the Work which has actually been completed, or (2) the percentage obtained by dividing (a) the expense that has actually been incurred by the Construction Manager on account of that portion of the Work and for which the Construction Manager has made payment or intends to make payment prior to the next Application for Payment, by (b) the share of the Guaranteed Maximum Price allocated to that portion of the Work in the schedule of values.

§ 11.1.7 In accordance with AIA Document A201-2017 and subject to other provisions of the Contract Documents, the amount of each progress payment shall be computed as follows:

§ 11.1.7.1 The amount of each progress payment shall first include:

- .1 That portion of the Guaranteed Maximum Price properly allocable to completed Work as determined by multiplying the percentage of completion of each portion of the Work by the share of the Guaranteed Maximum Price allocated to that portion of the Work in the most recent schedule of values;
- .2 That portion of the Guaranteed Maximum Price properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the completed construction or, if approved in writing in advance by the Owner, suitably stored off the site at a location agreed upon in writing; and
- .3 That portion of Construction Change Directives that the Architect determines, in the Architect's professional judgment and in coordination with the Owner, to be reasonably justified; and
- .4 The Construction Manager's Fee, computed upon the Cost of the Work described in the preceding Sections 11.1.7.1.1 and 11.1.7.1.2 at the rate stated in Section 6.1.2.

§ 11.1.7.2 The amount of each progress payment shall then be reduced by:

- .1 The aggregate of any amounts previously paid by the Owner;
- .2 The amount, if any, for Work that remains uncorrected and for which the Architect or the Owner has previously withheld a Certificate for Payment or the Owner has withheld payment as provided in Article 9 of AIA Document A201-2017;
- .3 Any amount for which the Construction Manager does not intend to pay a Subcontractor or material supplier, unless the Work has been performed by others the Construction Manager intends to pay;
- .4 For Work performed or defects discovered since the last payment application, any amount for which the Owner or the Architect may withhold payment, or nullify a Certificate of Payment in whole or in part, as provided in Article 9 of AIA Document A201-2017;
- .5 The shortfall, if any, indicated by the Construction Manager in the documentation required by Section 11.1.4 to substantiate prior Applications for Payment, or resulting from errors subsequently discovered by the Owner's auditors in such documentation; and
- .6 Statutory retainage of five percent (5%) of the completed Cost of the Work as a fund for the protection and payment of the claims of any person or entity arising out of the Work and the state with respect to taxes pursuant to Chapter 60.28 RCW (unless Construction Manager has posted a retainage bond pursuant to RCW 60.28.011).

§ 11.1.8 Retainage

§ 11.1.8.1 For each progress payment made prior to Substantial Completion of the Work, the Owner may (subject to the Construction Manager's right to obtain a retainage bond pursuant to RCW 60.28.011) withhold the following amount, as retainage, from the payment otherwise due:

(Insert a percentage or amount to be withheld as retainage from each Application for Payment. The amount of retainage may be limited by governing law.)

«See General Conditions, Section 9.3.4»

§ 11.1.8.1.1 The following items are not subject to retainage:

(Insert any items not subject to the withholding of retainage, such as general conditions, insurance, etc.)

«N/A»

§ 11.1.8.2 Reduction or limitation of retainage, if any, shall be as follows:

(If the retainage established in Section 11.1.8.1 is to be modified prior to Substantial Completion of the entire Work, insert provisions for such modification.)

«The Construction Manager may request that the Owner release partial retainage on certain subcontractors (e.g., excavation, concrete, earthwork, site utilities) prior to Substantial Completion should there be justification for such early release. The Owner may approve or deny such early release of retainage in its sole discretion.»

§ 11.1.8.3

§ 11.1.9 If final completion of the Work is materially delayed through no fault of the Construction Manager, the Owner shall pay the Construction Manager any additional amounts in accordance with Article 9 of AIA Document A201-2017.

§ 11.1.10 Except with the Owner's prior written approval, the Construction Manager shall not make advance payments to suppliers for materials or equipment which have not been delivered and suitably stored at the site.

§ 11.1.11 The Owner and the Construction Manager shall agree upon a mutually acceptable procedure for review and approval of payments to Subcontractors, and the percentage of retainage held on Subcontracts, and the Construction Manager shall execute subcontracts in accordance with those agreements.

§ 11.1.12 In taking action on the Construction Manager's Applications for Payment the Architect and the Owner shall be entitled to rely on the accuracy and completeness of the information furnished by the Construction Manager, and such action shall not be deemed to be a representation that (1) the Architect or the Owner have made a detailed examination, audit, or arithmetic verification, of the documentation submitted in accordance with Section 11.1.4 or other supporting data; (2) that the Architect or the Owner have made exhaustive or continuous on-site inspections; or (3) that the Architect or the Owner have made examinations to ascertain how or for what purposes the Construction Manager has used amounts previously paid on account of the Contract. Such examinations, audits, and verifications, if required by the Owner, will be performed by the Owner's auditors acting in the sole interest of the Owner. Payment by the Owner shall not constitute final approval of the Work done or the amount due.

§ 11.1.13 The Construction Manager shall obtain Affidavits of Wages Paid from each Subcontractor of any tier within thirty (30) days of each Subcontractor's completion of its Work on the Project.

§ 11.2 Final Payment

§ 11.2.1 Final payment, constituting the entire unpaid balance of the Contract Sum, except statutory retainage, shall be made by the Owner to the Construction Manager within thirty (30) days of the Owner's Final Acceptance of all the Work under the Contract, which shall occur when

- .1 the Construction Manager has fully performed the Contract, except for the Construction Manager's responsibility to correct Work as provided in Article 12 of AIA Document A201-2017, and to satisfy other requirements, if any, which extend beyond final payment;
- .2 the Construction Manager has submitted a final accounting for the Cost of the Work (including final accountings from cost-reimbursable Subcontractors) and a final Application for Payment; and
- .3 a final Certificate for Payment has been issued by the Architect in accordance with Section 11.2.2.2;
- .4 Final Completion has been achieved and;
- .5 The requirements for Final Acceptance in the General Conditions are met.

§ 11.2.2 Within 30 days of the Owner's receipt of the Construction Manager's final accounting for the Cost of the Work (including the final accountings of any mechanical and/or electrical subcontracts under RCW 39.10.385), the Owner shall, at its option, conduct an audit of the Cost of the Work or notify the Architect that it will not conduct an audit.

§ 11.2.2.1 If the Owner conducts an audit of the Cost of the Work, the Owner shall, within 10 days after completion of the audit, submit a written report based upon the auditors' findings to the Architect. The Owner's final accounting shall not preclude or in any way limit the Owner from exercising its rights of audit under other provisions of this Contract.

§ 11.2.2.2 Within seven days after receipt of the written report described in Section 11.2.2.1, or receipt of notice that the Owner will not conduct an audit, and provided that the other conditions of Section 11.2.1 have been met, the Architect will either issue to the Owner a final Certificate for Payment with a copy to the Construction Manager, provided the Owner's auditor's report has substantiated the Construction Manager's final accounting, or notify the Construction Manager and Owner in writing of the Architect's reasons for withholding a certificate as provided in Article 9 of AIA Document A201-2017. The time periods stated in this Section 11.2.2 supersede those stated in Article 9 of AIA Document A201-2017. The Architect is not responsible for verifying the accuracy of the Construction Manager's final accounting.

§ 11.2.2.3 If the Owner's auditors' report concludes that the Cost of the Work, as substantiated by the Construction Manager's final accounting, is less than claimed by the Construction Manager, the Construction Manager shall be entitled to invoke the dispute resolution procedures of Article 15 of AIA Document A201-2017. Commencement of these dispute resolution procedures shall be made by the Construction Manager within 30 days after the Construction Manager's receipt of a copy of the Architect's final Certificate for Payment. Failure to commence the dispute resolution procedure within this 30-day period shall result in the substantiated amount reported by the Owner's auditors becoming binding on the Construction Manager. Pending a final resolution of the disputed amount, the Owner shall pay the Construction Manager the undisputed amount certified in the Architect's final Certificate for Payment.

§ 11.2.3 The Owner's final payment to the Construction Manager shall be made no later than 30 days after the issuance of the Architect's final Certificate for Payment, or as follows:

«See A201 General Conditions»

§ 11.2.4

§ 11.3 Interest

Payments due and unpaid under the Contract shall bear interest from the date payment is due at the rate stated below, or in the absence thereof, at the legal rate prevailing from time to time at the place where the Project is located.
(Insert rate of interest agreed upon, if any.)

Bank of America prime rate plus «2» % «per annum»

ARTICLE 12 DISPUTE RESOLUTION

§ 12.1

§ 12.1.1

§ 12.1.2 The Architect shall play an active role in dispute resolution procedures carried out pursuant to Article 15 of AIA Document A201-2017. During any dispute resolution procedure, the Owner shall actively and cooperatively solicit the input of the Architect in resolving and Claims and disputes.

§ 12.2 Binding Dispute Resolution

Any Claim between the Owner and the construction Manager shall be resolved in accordance with the provisions set forth in this Article 12 and Article 15 of the General Conditions. For any Claim subject to, but not resolved by mediation pursuant to Article 15 of AIA Document A201-2017, the method of binding dispute resolution shall be as follows:

(Check the appropriate box.)

Arbitration pursuant to Article 15 of AIA Document A201-2017

Litigation in a court of competent jurisdiction in the County in which the Project is located

[X] Other: (Specify)

If the Owner and Construction Manager do not select a method of binding dispute resolution, or do not subsequently agree in writing to a binding dispute resolution method other than litigation, Claims will be resolved by litigation in a court of competent jurisdiction.

ARTICLE 13 TERMINATION OR SUSPENSION

§ 13.1 Termination Prior to Execution of the Guaranteed Maximum Price Amendment

§ 13.1.1 If the Owner and the Construction Manager do not reach an agreement on the Guaranteed Maximum Price, or if the Owner elects not to proceed with the Project or to use a different contracting structure for any reason, the Owner may terminate this Agreement upon not less than seven (7) days' written notice to the Construction Manager, and the Construction Manager may terminate this Agreement, upon not less than seven (7) days' written notice to the Owner.

§ 13.1.2 In the event of termination of this Agreement pursuant to Section 13.1.1, the Construction Manager shall be compensated for Preconstruction Phase services and Work reasonably and necessarily performed prior to receipt of a notice of termination, in accordance with the terms of this Agreement, not to exceed the Preconstruction Services Cost. In no event shall the Construction Manager's compensation under this Section exceed the compensation set forth in Section 5.1.

§ 13.1.3 Prior to the execution of the Guaranteed Maximum Price Amendment, the Owner may terminate this Agreement upon not less than seven days' written notice to the Construction Manager for the Owner's convenience and without cause, and the Construction Manager may terminate this Agreement, upon not less than seven days' written notice to the Owner, for the reasons set forth in Article 14 of A201-2017.

§ 13.1.4 In the event of termination of this Agreement pursuant to Section 13.1.3, the Construction Manager shall be equitably compensated for Preconstruction Phase services and Work reasonably and necessarily performed prior to receipt of a notice of termination, in accordance with the terms of this Agreement, not to exceed the Preconstruction Services Cost. In no event shall the Construction Manager's compensation under this Section exceed the compensation set forth in Section 5.1.

§ 13.1.5 If the Owner terminates the Contract pursuant to Section 13.1.3 after the commencement of the Construction Phase but prior to the execution of the Guaranteed Maximum Price Amendment, the Owner shall pay to the Construction Manager an amount calculated as follows for Work completed up to the date of termination, which amount shall be in addition to any compensation paid to the Construction Manager under Section 13.1.4:

- .1 Take the Cost of the Work incurred by the Construction Manager to the date of termination;
- .2 Add the Construction Manager's Fee computed upon the Cost of the Work to the date of termination at the rate stated in Section 6.1 or, if the Construction Manager's Fee is stated as a fixed sum in that Section, an amount that bears the same ratio to that fixed-sum Fee as the Cost of the Work at the time of termination bears to a reasonable estimate of the probable Cost of the Work upon its completion; and
- .3 Subtract the aggregate of previous payments made by the Owner for Construction Phase services.

In all cases, the Construction Manager is not entitled to any payment, including, but not limited to, Fee or markup, for Work not performed.

§ 13.1.6 The Owner shall also pay the Construction Manager fair compensation, to the extent permitted in Article 7 of this Agreement, either by purchase or rental at the election of the Owner, for any equipment purchased in connection with the Project for Work performed through the date of termination and now owned by the Construction Manager that the Owner elects to retain and that is not otherwise included in the Cost of the Work under Section 13.1.5.1. To the extent that the Owner elects to take legal assignment of subcontracts and purchase orders (including rental agreements), the Construction Manager shall, as a condition of receiving the payments referred to in this Article 13, execute and deliver all such papers and take all such steps, including the legal assignment of such subcontracts and other contractual rights of the Construction Manager, as the Owner may require for the purpose of fully vesting in the Owner the rights and benefits of the Construction Manager under such subcontracts or purchase orders. All Subcontracts, purchase orders and rental agreements entered into by the Construction Manager will contain provisions allowing for assignment to the Owner as described above.

§ 13.1.6.1

§ 13.2 Termination or Suspension Following Execution of the Guaranteed Maximum Price Amendment

§ 13.2.1 Termination

The Contract may be terminated by the Owner or the Construction Manager as provided in Article 14 of AIA Document A201–2017.

§ 13.2.2 Termination by the Owner for Cause

§ 13.2.2.1 If the Owner terminates the Contract for cause as provided in Article 14 of AIA Document A201–2017, the amount, if any, to be paid to the Construction Manager under Article 14 of AIA Document A201–2017 shall not cause the Guaranteed Maximum Price to be exceeded, nor shall it exceed an amount calculated as follows:

- .1 Take the Cost of the Work incurred by the Construction Manager to the date of termination;
- .2 Add the Construction Manager’s Fee, computed upon the Cost of the Work to the date of termination at the rate stated in Section 6.1 or, if the Construction Manager’s Fee is stated as a fixed sum in that Section, an amount that bears the same ratio to that fixed-sum Fee as the Cost of the Work at the time of termination bears to a reasonable estimate of the probable Cost of the Work upon its completion;
- .3 Subtract the aggregate of previous payments made by the Owner; and
- .4 Subtract the costs and damages incurred, or to be incurred, by the Owner under Article 14 of AIA Document A201–2017.

§ 13.2.2.2 The Owner shall also pay the Construction Manager fair compensation, to the extent permitted in Article 7 of this Agreement, either by purchase or rental at the election of the Owner, for any equipment purchased in connection with the Project for Work performed through the date of termination and now owned by the Construction Manager that the Owner elects to retain and that is not otherwise included in the Cost of the Work under Section 13.2.2.1.1. To the extent that the Owner elects to take legal assignment of subcontracts and purchase orders (including rental agreements), the Construction Manager shall, as a condition of receiving the payments referred to in this Article 13, execute and deliver all such papers and take all such steps, including the legal assignment of such subcontracts and other contractual rights of the Construction Manager, as the Owner may require for the purpose of fully vesting in the Owner the rights and benefits of the Construction Manager under such subcontracts or purchase orders.

§ 13.2.3 Termination by the Owner for Convenience

If the Owner terminates the Contract for convenience in accordance with Article 14 of AIA Document A201–2017, then the Owner shall pay the Construction Manager a termination fee as follows:

(Insert the amount of or method for determining the fee, if any, payable to the Construction Manager following a termination for the Owner’s convenience.)

«N/A»

§ 13.3 Suspension

The Work may be suspended by the Owner as provided in Article 14 of AIA Document A201–2017; in such case, the Guaranteed Maximum Price and Contract Time shall be increased as provided in Article 14 of AIA Document A201–2017, except that the term “profit” shall be understood to mean the Construction Manager’s Fee as described in Section 6.1 of this Agreement.

ARTICLE 14 MISCELLANEOUS PROVISIONS

§ 14.1 Terms in this Agreement shall have the same meaning as those in the A201–2017 General Conditions. Where reference is made in this Agreement to a provision of AIA Document A201–2017 or another Contract Document, the reference refers to that provision as revised and as amended or supplemented by other provisions of the Contract Documents.

§ 14.2 Successors and Assigns

§ 14.2.1 The Owner and Construction Manager, respectively, bind themselves, their partners, successors, assigns and legal representatives to covenants, agreements, and obligations contained in the Contract Documents. Except as provided in Section 14.2.2 of this Agreement, and in Section 13.2.2 of the A201–2017 General Conditions, neither party to the Contract shall assign the Contract as a whole without written consent of the other. If either party attempts to make an assignment without such consent, that party shall nevertheless remain legally responsible for all obligations under the Contract.

§ 14.2.2 The Owner may, without consent of the Construction Manager, assign the Contract to a lender providing construction financing for the Project, if the lender assumes the Owner's rights and obligations under the Contract Documents. The Construction Manager shall execute all consents reasonably required to facilitate the assignment.

§ 14.3 Insurance and Bonds

§ 14.3.1 Preconstruction Phase

The Construction Manager shall maintain the insurance required by Article 11 of the General Conditions for the duration of the Preconstruction Services performed under this Agreement.

§ 14.3.1.1 § 14.3.1.2 § 14.3.1.3 § 14.3.1.4 § 14.3.1.5

§ 14.3.1.6 Other Insurance

(List below any other insurance coverage to be provided by the Construction Manager and any applicable limits.)

Coverage	Limits
See Article 11 of General Conditions for other insurance and bond requirements.	

§ 14.3.1.7 Additional Insured Obligations. To the fullest extent permitted by law, the Construction Manager shall cause the primary and excess or umbrella policies for Commercial General Liability and Automobile Liability to include the Owner as an additional insured for claims caused in whole or in part by the Construction Manager's negligent acts or omissions. The additional insured coverage shall be primary and non-contributory to any of the Owner's insurance policies and shall apply to both ongoing and completed operations.

§ 14.3.1.8 The Construction Manager shall provide certificates of insurance to the Owner that evidence compliance with the requirements in this Section 14.3.1 in accordance with Article 11 of the General Conditions.

§ 14.3.2 Construction Phase

After execution of the Guaranteed Maximum Price Amendment, the Owner and the Construction Manager shall purchase and maintain insurance as set forth in Article 11 of the General Conditions, as required by USDA, and elsewhere in the Contract Documents.

§ 14.3.2.1 The Construction Manager shall provide, as a reimbursable Cost of the Work, statutory payment and performance bonds as set forth in this Section 14.3.2.1 and Article 11 of the General Conditions.

§ 14.3.2.1.1 The Construction Manager shall deliver the required bonds to the Owner within ten (10) days of executing the GMP Amendment. The amount of the Construction Manager's performance and payment bonds shall be equal to one hundred percent (100%) of the GMP pursuant to Chapter 39.10 RCW and Chapter 39.08 RCW, "Contractor's Bond."

§ 14.3.2.1.2 The Construction Manager shall also require each Subcontractor that is awarded a Subcontractor bid package in excess of \$300,000 to provide payment and performance bonds in the full amount of the subcontract sum from a surety company acceptable to the Owner and the Construction Manager and authorized to issue bonds in the State of Washington. The Construction Manager may require a performance and payment bond from any other Subcontractor, provided that such requirement is set forth in the Subcontractor bidding documents. Within ten (10) days of entering into a subcontract, and before any payment is due, the Subcontractor on each Subcontractor bid package shall deliver copies of the bonds to the Owner and to the Architect.

§ 14.4 Notice in electronic format, pursuant to Article 1 of AIA Document A201-2017, may be given in accordance with AIA Document E203™-2013, Building Information Modeling and Digital Data Exhibit, if completed, or as otherwise set forth below:

(If other than in accordance with AIA Document E203-2013, insert requirements for delivering notice in electronic format such as name, title, and email address of the recipient and whether and how the system will be required to generate a read receipt for the transmission.)

«N/A»

§ 14.5 Other provisions:

«§ 14.5.1 Project Information. The Construction Manager and all Subcontractors shall submit Project information required by the state Capital Projects Advisory Review Board.»

§ 14.6 United States Department of Agriculture (USDA) Requirements

§ 14.6.1 The Owner and the Construction Manager agree that the following USDA Rural Development Program terms and conditions are incorporated into the Agreement by reference:

- .1 Exhibit C: USDA RD Instruction 1942-A Guide 27 Attachment 5
- .2 Exhibit D: USDA RD Instruction 1942-A Guide 27 Attachment 4

§ 14.6.2 Except as provided in Sections 14.6.3-14.6.4 below and as required by Washington State law, the terms of Exhibit C and Exhibit D shall prevail to the extent there is a conflict between the terms of Exhibit C or Exhibit D and the terms of the Agreement.

§ 14.6.3 The following clarifications shall apply to Exhibit C (USDA RD Instruction 1942-A Guide 27 Attachment 5): With regard to Exhibit C, Sections 11.1.8 and 11.1.8.2, it is understood that retainage shall be as specified by Washington State law. With regard to Exhibit C, Section 11.2.2.3, it is understood that there is no Initial Decision Maker and that dispute resolution proceedings shall be as specified in Article 15 of AIA Document A201-2017, as revised by the Owner and the Construction Manager. With regard to Exhibit C, Section 14.6, it is understood that a reasonable liquidated damages rate shall be established in the GMP Amendment. With regard to Exhibit C, Section 15.2.6, it is understood that a full set of exhibits for the Project will be established in the GMP Amendment.

§ 14.6.4 The following clarifications shall apply to Exhibit D (USDA RD Instruction 1942-A Guide 27 Attachment 4): With regard to Exhibit D, Section 2.3.6, only the first and second sentences of the subparagraph (as modified) are deleted; the remainder of the subparagraph (beginning with "Electronic files may be available...") is retained in its entirety. With regard to Article 9, payment procedures shall be as specified in AIA Document A201-2017, as modified by the Owner and the Construction Manager. With regard to Article 11, USDA insurance requirements set forth in Exhibit D shall supplement the insurance requirements in Article 11 of AIA Document A201-2017, as modified by the Owner and the Construction Manager. Where discrepancies exist between Exhibit D, Article 11 and AIA Document A201-2017, Article 11, the Construction Manager shall purchase the greater coverage amount. With regard to the additional terms added to Section 13 of AIA Document A201-2017, such terms shall supplement and not replace the existing terms of AIA Document A201-2017, as modified by the Owner and the Construction Manager. With regard to Article 15, it is understood that dispute resolution proceedings shall be as specified in Article 15 of AIA Document A201-2017, as revised by the Owner and the Construction Manager.

§ 14.6.5 Pursuant to applicable USDA RD Instructions, USDA has requested that the Project be divided into five (5) phases for monitoring purposes. In accordance with USDA's request, the Owner and the Construction Manager agree to cooperatively report to USDA as the Project is completed in accordance with any phase-by-phase breakdown requested by USDA. The Owner and the Construction Manager agree that concurrence from USDA must be obtained with the product of each Project phase before the next Project phase may begin.

§ 14.6.6 Notwithstanding anything to the contrary in the Agreement, the Construction Manager shall be responsible for (a) any extra cost beyond the GMP that may result from the Construction Manager's errors and omissions in the performance of the Work and related services provided pursuant to the Agreement, and (b) compliance with all Federal, State, and local requirements applicable to the Work and effective on the date of execution of the GMP Amendment.

ARTICLE 15 SCOPE OF THE AGREEMENT

§ 15.1 This Agreement represents the entire and integrated agreement between the Owner and the Construction Manager and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both Owner and Construction Manager.

§ 15.2 The following documents comprise the Agreement:

- .1 AIA Document A133™-2019, Standard Form of Agreement Between Owner and Construction Manager as Constructor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price, as modified
- .2 AIA Document A133™-2019, Exhibit A, Guaranteed Maximum Price Amendment, if executed, as modified
- .4 AIA Document A201™-2017, General Conditions of the Contract for Construction, as modified

- .5 AIA Document E203™–2013, Building Information Modeling and Digital Data Exhibit, dated as indicated below:
(Insert the date of the E203-2013 incorporated into this Agreement.)

«N/A»

- .6 Other Exhibits:
(Check all boxes that apply.)

AIA Document E234™–2019, Sustainable Projects Exhibit, Construction Manager as Constructor Edition, dated as indicated below:
(Insert the date of the E234-2019 incorporated into this Agreement.)

« »

Supplementary and other Conditions of the Contract:

Document	Title	Date	Pages
N/A	N/A	N/A	N/A

- .7 Other documents, if any, listed below:
(List here any additional documents that are intended to form part of the Contract Documents. AIA Document A201–2017 provides that the advertisement or invitation to bid, Instructions to Bidders, sample forms, the Construction Manager’s bid or proposal, portions of Addenda relating to bidding or proposal requirements, and other information furnished by the Owner in anticipation of receiving bids or proposals, are not part of the Contract Documents unless enumerated in this Agreement. Any such documents should be listed here only if intended to be part of the Contract Documents.)

«Exhibit A: Construction Manager’s Proposal
 Exhibit B: Preconstruction Services Agreement
 Exhibit C: USDA RD Instruction 1942-A Guide 27 Attachment 5
 Exhibit D: USDA RD Instruction 1942-A Guide 27 Attachment 4»

This Agreement is entered into as of the day and year first written above.

OWNER *(Signature)*

« »

(Printed name and title)

CONSTRUCTION MANAGER *(Signature)*

« »

(Printed name and title)

DRAFT AIA® Document A201™ - 2017

General Conditions of the Contract for Construction

for the following PROJECT:
(Name and location or address)

DRAFT

«Prosser Memorial Health Hospital Replacement Facility»
«723 Memorial St.»
«Prosser, WA 99350»

THE OWNER:
(Name, legal status and address)

«Prosser Public Hospital District No. 1, d/b/a Prosser Memorial Health»
«723 Memorial St.»
«Prosser, WA 99350»

THE ARCHITECT:
(Name, legal status and address)

«bcDESIGNGROUP, LLC»
«Attn: _____»
«12101 W 110th Street, Suite 100»
«Overland Park, KS 66201»

ment
has added information
needed for its completion.
The author may also have
revised the text of the
original AIA standard form.
No Additions and Deletions

rd
form text is available from
the author and should be
reviewed.

This document has important
legal consequences.

with
on

for guidance in modifying
this document to include
supplementary conditions,
see AIA Document A503™,
Guide for Supplementary
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DRAFT

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ARTICLE 1 GENERAL PROVISIONS

§ 1.1 Basic Definitions

§ 1.1.1 The Contract Documents

The Contract Documents are complementary, enumerated in the Agreement between the Owner and Contractor (hereinafter the Agreement) and consist of the Agreement and exhibits to the Agreement, Conditions of the Contract (General, Supplementary and other Conditions), Drawings, Specifications, Addenda issued prior to execution of the Contract and information reflected therein, other documents listed in the Agreement, and Modifications issued after execution of the Contract. A Modification is (1) a written amendment to the Contract signed by both parties, (2) a Change Order, (3) a Construction Change Directive, or (4) a written order for a minor change in the Work issued by the Architect. Unless specifically enumerated in the Agreement, the Contract Documents do not include other documents such as the advertisement or invitation to bid, Instructions to Bidders, sample forms, other information furnished by the Owner in anticipation of receiving bids or proposals, the Contractor's bid or proposal, or portions of Addenda relating to bidding or proposal requirements. In the event of a conflict or discrepancy among or within the Contract Documents, interpretation shall, subject to Sections 1.2.4 and 1.2.5, be governed in the following priority, with an Addendum or a revision to a Contract Document having precedence over the original document and later Addenda having precedence over earlier:

- .1 Agreement (revised A101-2017/133-2017) (written amendments having precedence)
- .2 Any Special Conditions
- .3 Any Supplementary Conditions
- .4 These revised General Conditions (A201-2017)
- .5 Specifications, Drawings (large-scale having precedence over small-scale, and written or computed dimensions having precedence over scaled dimensions), and material and system schedules.

§ 1.1.2 The Contract

The Contract Documents form the Contract for Construction. The Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations, or agreements, either written or oral. The Contract may be amended or modified only by a Modification. The Contract Documents shall not be construed to create a contractual relationship of any kind (1) between the Contractor and the Architect or the Architect's consultants, (2) between the Owner and a Subcontractor or a Sub-subcontractor (although the Owner does not waive any third-party beneficiary rights or rights to assignment it may otherwise have as to Subcontractors of any tier), (3) between the Owner and the Architect or the Architect's consultants, or (4) between any persons or entities other than the Owner and the Contractor. The Architect shall, however, be entitled to performance and enforcement of obligations under the Contract intended to facilitate performance of the Architect's duties. This Contract is a standard form created by the AIA with modifications that have been agreed between the parties. As such, the parties agree that neither party shall be considered the author of the Contract, and any ambiguities shall be neutrally construed.

§ 1.1.3 The Work

The term "Work" means the construction and services required by the Contract Documents, whether completed or partially completed, and includes all other demolition, ~~abatement~~, disposal, labor, materials, equipment, and services provided or to be provided by the Contractor to fulfill the Contractor's obligations. The Work may constitute the whole or a part of the Project. The Work includes, but is not limited to, delivery, unloading, uncrating, assembling, setting-in-place, leveling, adjusting, completely installing, and cleaning up any debris.

§ 1.1.3.1 The Contractor shall thoroughly investigate all local trade jurisdictional rules and rulings and shall be held completely responsible for the settlement of any disputes with the same arising from fabrication, installation, or completion of the Work under this Contract.

§ 1.1.4 The Project

The Project is the total construction of which the Work performed under the Contract Documents may be the whole or a part and which may include construction by the Owner and by Separate Contractors.

§ 1.1.5 The Drawings

The Drawings are the graphic and pictorial portions of the Contract Documents showing the design, location and dimensions of the Work, generally including plans, elevations, sections, details, schedules, and diagrams.

§ 1.1.6 The Specifications

The Specifications are that portion of the Contract Documents consisting of the written requirements for materials, equipment, systems, standards and workmanship for the Work, and performance of related services.

§ 1.1.7 Instruments of Service

Instruments of Service are representations, in any medium of expression now known or later developed, of the tangible and intangible creative work performed by the Architect and the Architect's consultants under their respective professional services agreements. Instruments of Service may include, without limitation, Drawings, Specifications, studies, surveys, models, sketches, drawings, specifications, and other similar materials through which the Work to be executed by the Contractor is described. § 1.1.8

§ 1.2 Correlation and Intent of the Contract Documents

§ 1.2.1 The intent of the Contract Documents is to include all items necessary for the proper execution and completion of the Work by the Contractor. The Contract Documents are complementary, and what is required by one shall be as binding as if required by all; performance by the Contractor shall be required only to the extent consistent with the Contract Documents and reasonably inferable from them as being necessary to produce the indicated results.

§ 1.2.1.1 The invalidity of any provision of the Contract Documents shall not invalidate the Contract or its remaining provisions. If it is determined that any provision of the Contract Documents violates any law, or is otherwise invalid or unenforceable, then that provision shall be revised to the extent necessary to make that provision legal and enforceable. In such case the Contract Documents shall be construed, to the fullest extent permitted by law, to give effect to the parties' intentions and purposes in executing the Contract.

§ 1.2.2 Organization of the Specifications into divisions, sections and articles, and arrangement of Drawings shall not control the Contractor in dividing the Work among Subcontractors or in establishing the extent of Work to be performed by any trade, nor shall it relieve the Contractor's obligation to complete all of the Work when coordination between the Specifications and Drawings or coordination between subcontracts is required.

§ 1.2.3 Unless otherwise stated in the Contract Documents, words not defined in the Contract Documents that have well-known technical or construction industry meanings are used in the Contract Documents in accordance with such recognized meanings.

§ 1.2.4 If there is any inconsistency or ambiguity internally between the Contract Documents, the Contractor shall make an inquiry to the Architect and Owner to determine how to proceed. Unless otherwise ordered in writing by the Architect or the Owner, the Contractor shall provide the better quality of, or the greater quantity of, any work or materials, as reasonably interpreted by the Architect or the Owner, at no change in the GMP or Contract Time. In the event that Work is shown on Drawings but not contained in Specifications or schedules, or contained in Specifications or schedules but not shown on the Drawings, the Work as shown or contained shall be provided at no change in the GMP or Contract Time, according to Specifications or Drawings to be issued by the Architect consistent with and reasonably inferable from the Work shown.

§ 1.2.5 If the Contractor discovers that the Contract Documents fail to particularly describe the material or kind of goods to be used in any place, then the Contractor shall make inquiry of the Architect and Owner as to what is best suited. The material or kind of goods that a competent contractor, following accepted construction industry standards, would use to produce first quality finished Work shall be considered a part of the Contract without adjustment to the GMP or Contract Time. If the Contractor discovers such an inconsistency or ambiguity and fails to notify the Architect, there shall be no adjustment to the GMP or Contract Time.

§ 1.2.6 Reference to standard specifications of any technical society, organization, or association, or to codes of local or state authorities, shall mean the latest standard, code, specification, or tentative specification adopted and published at the date of execution of the Contract, unless specifically stated otherwise.

§ 1.2.7 The Terms "this Contractor," "furnished under other sections," "included as part of other sections," "related Work in other sections," or similar description of segregation shall not be interpreted to limit the responsibility of any particular party involved in the Work. The limitations of any Subcontractor's Work shall rest solely upon the

agreement between the Contractor and the Subcontractor, regardless of where the Work is called for in the Contract Documents.

§ 1.3 Capitalization

Terms capitalized in these General Conditions include those that are (1) specifically defined, (2) the titles of numbered articles and identified references to Sections in this document, (3) the titles of other documents published by the American Institute of Architects, or (4) published standards and codes.

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§ 1.4 Interpretation

In the interest of brevity the Contract Documents frequently omit modifying words such as “all” and “any” and articles such as “the” and “an,” but the fact that a modifier or an article is absent from one statement and appears in another is not intended to affect the interpretation of either statement. Reference in the singular to an article, device, item or piece of equipment shall include the larger of the number of such articles indicated in the Contract Documents or the number required to complete the installation. Specification and Drawing notes may include incomplete sentences where words such as “shall,” “shall be,” “the Contractor shall,” and similar phrases shall be supplied by inference. The term(s) “approved,” “or approved” and “as approved” mean approved by the Architect, and by any governing codes and officials, and by any quality standards specified as applicable to the work in question. “As directed” means as directed by the Architect or the Owner’s Authorized Representative. The term “provide” means to furnish and install. The term “as required” or “as necessary” means as required by applicable codes or standards, and/or as may be required for proper completion of the work. Divisions and Sections included are listed in the “Table of Contents,” together with the number of pages in each Section. The Contractor shall check its copies of the Specifications with the “Table of Contents” to ensure that they are complete.

§ 1.5 Ownership and Use of Drawings, Specifications, and Other Instruments of Service

§ 1.5.1 The Architect and the Architect’s consultants shall, subject to any rights of the Owner, be deemed the authors and owners of their respective Instruments of Service, including the Drawings and Specifications, and retain, subject to any rights of the Owner, all common law, statutory, and other reserved rights in their Instruments of Service, including copyrights. The Contractor, Subcontractors, Sub-subcontractors, and suppliers shall not own or claim a copyright in the Instruments of Service. Submittal or distribution to meet official regulatory requirements or for other purposes in connection with the Project is not to be construed as publication in derogation of the Architect’s or Architect’s consultants’ reserved rights.

§ 1.5.2 The Contractor, Subcontractors, Sub-subcontractors, and suppliers are authorized to use and reproduce the Instruments of Service provided to them, subject to any protocols established pursuant to Sections 1.7 and 1.8, solely and exclusively for execution of the Work under the Contract Documents and with respect to the Project. All copies made under this authorization shall bear the copyright notice, if any, shown on the Instruments of Service. All copies of the Instruments of Service, except the Contractor’s record set, shall be returned or suitably accounted for to the Architect, on request, upon completion of the Work. The Contractor may retain one record set. The Contractor, Subcontractors, Sub-subcontractors, and suppliers may not use the Instruments of Service on other projects or for additions to the Project outside the scope of the Work without the specific written consent of the Owner, Architect, and the Architect’s consultants.

§ 1.6 Notice

§ 1.6.1 Except as otherwise provided in Section 1.6.2, where the Contract Documents require one party to notify or give notice to the other party, such notice shall be provided in writing to the designated representative of the party to whom the notice is addressed and shall be deemed to have been duly served if delivered in person, by mail, by courier, or by electronic transmission if a method for electronic transmission is set forth in the Agreement.

§ 1.6.2 Notice of Claims and Claims as provided in Article 15 shall be provided in writing and shall be deemed to have been duly served only if delivered to the designated representative of the party to whom the notice is addressed by (1) certified or registered mail, (2) e-mail delivery if the subject line of the e-mail is clearly marked as “NOTICE OF CLAIM” or “CLAIM,” or (3) by courier providing proof of delivery.

§ 1.7 Digital Data Use and Transmission

The parties may agree upon protocols governing the transmission and use of Instruments of Service or any other information or documentation in digital form. The parties may use AIA Document E203™–2013, Building

Information Modeling and Digital Data Exhibit, to establish the protocols for the development, use, transmission, and exchange of digital data. Any electronic files or information on computer media will be provided for the convenience of the Contractor and for informational purposes only. If for any reason a conflict occurs between information in digital form and the stamped, signed documents, the information on the stamped, signed documents shall govern and be considered correct. Any additions or modifications to the information contained on, or generated from the electronic files or computer media made by anyone other than the Architect may result in adverse consequences, which the Architect can neither predict nor control. Neither the Architect nor the Owner shall be liable for any inaccuracy or incompleteness in information contained in an electronic copy other than PDF files of an Instrument of Service. Electronic files other than PDF files are not Contract Documents and cannot be relied upon as identical to the Contract Documents. Use of information contained in electronic files other than PDF files is at the Contractor's risk and without liability to the Architect or the Owner. The Contractor is required to execute the Architect's electronic document release to obtain the Instruments of Service other than hard copy and pdf files.

§ 1.8 Building Information Models Use and Reliance

Any use of, or reliance on, all or a portion of a building information model without agreement to protocols governing the use of, and reliance on, the information contained in the model shall be at the using or relying party's sole risk and without liability to the other party and its contractors or consultants, the authors of, or contributors to, the building information model, and each of their agents and employees.

ARTICLE 2 OWNER

§ 2.1 General

§ 2.1.1 The Owner is the person or entity identified as such in the Agreement and is referred to throughout the Contract Documents as if singular in number. The Owner shall designate in writing a representative who shall have express authority to bind the Owner with respect to all matters requiring the Owner's approval or authorization. Except as otherwise provided in Section 4.2.1, the Architect does not have such authority. The term "Owner" means the Owner's Board of Directors or the Owner's authorized representative. The "Owner" does not mean the Owner's staff, custodians, maintenance or safety workers, or other employees or consultants that may contact the Contractor or be present at the Project site. A WAIVER OF ANY PROVISION OF THE CONTRACT DOCUMENTS CAN ONLY BE MADE IN WRITING BY THE OWNER. No other person is authorized to grant such waivers on behalf of the Owner.

§ 2.1.2

§ 2.2 Evidence of the Owner's Financial Arrangements

§ 2.2.1 Prior to commencement of the Work and upon written request by the Contractor, the Owner shall furnish to the Contractor reasonable evidence that the Owner has made financial arrangements to fulfill the Owner's obligations under the Contract. The Contractor shall have no obligation to commence the Work until the Owner provides such evidence. If commencement of the Work is delayed under this Section 2.2.1, the Contract Time shall be extended appropriately.

§ 2.2.2 Following commencement of the Work and upon written request by the Contractor, the Owner shall furnish to the Contractor reasonable evidence that the Owner has made financial arrangements to fulfill the Owner's obligations under the Contract only if (1) the Owner fails to make payments of undisputed amounts to the Contractor as the Contract Documents require for a period of ninety (90) days or longer; or (2) the Contractor identifies in writing a reasonable concern regarding the Owner's ability to make payment when due and the Owner agrees.

§ 2.2.3

§ 2.2.4 § 2.3 Information and Services Required of the Owner

§ 2.3.1 The Owner shall secure and pay only for necessary environmental approvals, easements, assessments and charges required for use or occupancy of permanent structures or for permanent changes in existing facilities, and those permits explicitly identified as the Owner's responsibility in the Contract Documents, including Section 3.7.1. The Contractor is responsible for securing and paying for all other required licenses and permits.

§ 2.3.2 The Owner shall retain an architect lawfully licensed to practice architecture, or an entity lawfully practicing architecture, in the jurisdiction where the Project is located. That person or entity is identified as the Architect in the Agreement and is referred to throughout the Contract Documents as if singular in number.

§ 2.3.3 If the employment of the Architect terminates, the Owner shall employ a successor whose status under the Contract Documents shall be that of the Architect.

§ 2.3.4 The Owner ~~may~~ shall furnish surveys describing physical characteristics, legal limitations and utility locations for the site of the Project, and a legal description of the site. The Contractor shall be entitled to rely on the accuracy of information furnished by the Owner but shall exercise proper precautions relating to the safe performance of the Work. The Contractor should assume that the locations of any underground or hidden utilities, underground tanks, plumbing or electrical runs indicated in the surveys or Contract Documents are shown in approximate locations, but the Contractor is responsible for making all utility location verifications. The Contractor is responsible for performing all investigation and location work to determine the precise locations of utilities. The Contractor shall not damage or interrupt utilities or utility services of any kind. The Contractor shall bear the risk of loss arising out of its Work which directly or indirectly damages or interrupts any utilities or utility services, or causes or contributes to damages of any nature.

§ 2.3.5 The Owner shall, upon written request, furnish information or services required of the Owner by the Contract Documents with reasonable promptness. The Owner shall also furnish any other information or services under the Owner's control and relevant to the Contractor's performance of the Work with reasonable promptness after receiving the Contractor's written request for such reasonable information or services.

§ 2.3.6 Unless otherwise provided in the Contract Documents, the Owner shall furnish to the Contractor one copy of the Contract Documents for purposes of making reproductions pursuant to Section 1.5.2. Additional copies may be obtained at the cost of reproduction and the Contractor shall allow a minimum of two (2) weeks following its written request for delivery of the documents and electronic files requested. Electronic files may be available from the Architect and may be subject to its terms. The Contractor will be responsible as a Cost of the Work for transmitting all electronic documents to Subcontractors of any tier. In addition, the Contractor will be responsible as a Cost of the Work for the duplication costs for Subcontractor bid packages (including those on which it bids) and will furnish, as a Cost of the Work, such copies of Drawings and manuals to the Owner and the Architect as are reasonably necessary.

§ 2.4 Owner's Right to Stop the Work

If the Contractor fails to correct Work that is not in accordance with the requirements of the Contract Documents as required by Section 12.2 or repeatedly or materially fails to carry out Work in accordance with the Contract Documents, the Owner may, without prejudice to any other remedy the Owner may have, issue a written order signed personally by the Owner to the Contractor to stop the Work, or any portion thereof, until the cause for such order has been eliminated; however, the right of the Owner to stop the Work shall not give rise to a duty on the part of the Owner to exercise this right for the benefit of the Contractor or any other person or entity, except to the extent required by Section 6.1.3.

§ 2.5 Owner's Right to Carry Out the Work

If the Contractor defaults or neglects to carry out the Work in accordance with the Contract Documents and fails within a seven (7)-day period after receipt of notice from the Owner to commence and continue to make reasonable progress toward the correction of such default or neglect with diligence and promptness, the Owner may, without prejudice to other remedies the Owner may have, correct such default or neglect. In addition, the Architect and the Owner may, pursuant to Section 9.5.1, withhold or nullify a Certificate for Payment in whole or in part, to the extent reasonably necessary to reimburse the Owner for the reasonable cost of correcting such deficiencies, including Owner's expenses and compensation for the Architect's additional services and expenses made necessary by such default, neglect, or failure. If current and future payments are not sufficient to cover such amounts, the Contractor shall pay the difference to the Owner or the difference shall be deducted from the Contract Sum via a deductive Change Order. If the Contractor disagrees with the actions of the Owner or the Architect, or the amounts claimed as costs to the Owner, the Contractor may file a Claim pursuant to Article 15. The right of the Owner to correct the Work pursuant to this Section shall not give rise to any duty on the part of the Owner to exercise this right for the

benefit of itself or others. The Owner's exercise of its rights under this Section shall not adversely affect any warranties applicable to the Project.

§ 2.6 Architect's or Other Consultant's / Vendor's Compensation for Services to Remedy Defective Work

When Additional Services of the Architect or other services by other consultants / vendors are required because of defective Work, neglect, failure, deficiencies, or default by the Contractor, compensation for such services shall be based on the Architect's or other consultant's / vendor's reasonable invoice to the Owner. Such invoice(s), when approved by the Owner, along with other costs, damages, and liabilities incurred by the Owner or the Architect, shall be the basis for reducing the GMP, by Change Order, or other appropriate means to compensate the Owner for such additional costs.

ARTICLE 3 CONTRACTOR

§ 3.1 General

§ 3.1.1 The Contractor is the person or entity identified as such (or as the "Construction Manager") in the Agreement and is referred to throughout the Contract Documents as if singular in number. The Contractor shall be lawfully licensed, bonded, and insured in the jurisdiction where the Project is located. The Contractor shall designate in writing a representative who shall have express authority to bind the Contractor with respect to all matters under this Contract. The term "Contractor" means the Contractor or the Contractor's authorized representative.

§ 3.1.2 The Contractor shall perform the Work in accordance with the Contract Documents and submittals accepted pursuant to Section 3.12.

§ 3.1.3 The Contractor shall not be relieved of its obligations to perform the Work in accordance with the Contract Documents either by activities or duties of the Architect in the Architect's administration of the Contract, or by tests, inspections or approvals required or performed by persons or entities other than the Contractor.

§ 3.1.4 The Contractor shall be and operate as an independent contractor in the performance of the Work and shall have complete control over and responsibility for all personnel performing the Work. The Contractor is not authorized to enter into any agreements or undertakings for or on behalf of the Owner or to act as or be an agent or employee of the Owner. The Contractor will cooperate with the Owner and Architect to create an environment of mutual respect and focus on the success of the Project. The Contractor will endeavor to promote harmony and cooperation among and between the Owner, the Architect, the Contractor, and other persons or entities employed by each of them, in order to further the interests of the Owner and effect prompt completion of the Project within the requirements of the Contract Time and GMP.

§ 3.2 Review of Contract Documents and Field Conditions by Contractor

§ 3.2.1 Execution of the Contract and the GMP Amendment by the Contractor is a representation that the Contractor has visited the site, become generally familiar with local conditions under which the Work is to be performed, and correlated personal observations with requirements of the Contract Documents. By executing this Contract and the GMP Amendment, the Contractor represents and acknowledges that the GMP will be reasonable compensation for all the Work, that it is performing with its own forces any percentage of Work specified in the Contract Documents (not including general conditions Work), that the Contract Time is adequate for the performance of the Work, and that it has carefully examined the Contract Documents and the Project site, including any existing structures, and that it has satisfied itself as to the nature, location, character, quality and quantity of the Work, the physical labor, materials, equipment, goods, products supplies, work, services and other items to be furnished and all other requirements of the Contract Documents, as well as the surface conditions and other foreseeable matters that may be encountered at the Project site or affect performance of the Work or the cost or difficulty thereof, including but not limited to those conditions and matters affecting: transportation, access, local regulations, disposal, handling and storage of materials, equipment and other items; availability and quality of labor, water, electric power, utilities, drainage; availability and condition of roads; normal climatic conditions and seasons; physical conditions at the Project site and the surrounding locality; topography and ground surface conditions; and equipment and facilities needed preliminary to and at all times during the performance of the Work. The failure of the Contractor fully to acquaint itself with any such condition or matter shall not in any way relieve the Contractor from the responsibility for performing the Work in accordance with the Contract Documents and within the Contract Time and the GMP and shall not be the basis of a Claim.

§ 3.2.2 Because the Contract Documents are complementary, the Contractor shall, before starting each portion of the Work, carefully study and compare the various Drawings, Specifications, and other Contract Documents relative to that portion of the Work, as well as the information furnished by the Owner pursuant to Section 2.3.4, shall take field measurements of and verify any existing conditions, including all general reference points and any interfering existing conditions, related to that portion of the Work, and shall observe any conditions at the site affecting it and shall carefully compare such field measurements and conditions and other information known to the Contractor with the Contract Documents before commencing such activities. The Contractor shall promptly report to the Owner and the Architect any errors, inconsistencies or omissions discovered by or made known to the Contractor as a request for information in such form as the Owner and the Architect may require. If the Contractor performs any Work knowing it involves a recognized error, inconsistency, or omission in the Contract Documents without such notice to Architect, the Contractor shall thereby assume responsibility for performance and bear the attributable cost for correction. It is recognized that the Contractor's review is made in the Contractor's capacity as a contractor and not as a licensed design professional, unless otherwise specifically provided in the Contract Documents.

§ 3.2.3 The Contractor is not required to ascertain that the Contract Documents are in accordance with applicable laws, statutes, ordinances, building codes, rules and regulations, or lawful orders of public authorities, but the Contractor shall promptly report to the Owner and the Architect any nonconformity discovered by or made known to the Contractor as a request for information in such form as the Owner and the Architect may require. If the Contractor performs any Work knowing it involves a recognized nonconformity in the Contract Documents without such notice to Architect, the Contractor shall thereby assume responsibility for performance and bear the attributable cost for correction. The Contractor shall comply with all applicable Federal, State, County and City laws, ordinances and regulations, and amendments, including, but not limited to, the latest applicable versions of:

1. International Building Code with State of Washington Amendments;
2. International Plumbing Code with State of Washington Amendments;
3. Uniform Plumbing Code;
4. International Mechanical Code;
5. National Electrical Code;
6. Washington State Energy Code;
7. Washington State Rules and Regulations for Barrier-Free Design;
8. Americans with Disabilities Act (ADA);
9. International Fire Code;
10. National Fire Protection Association Requirements; and
11. Federal and State Safety Codes as adapted and/or modified by State and Local Ordinances; and
12. Any applicable municipal code.

§ 3.2.4 If the Contractor believes that additional cost or time is involved because of any design errors or omissions or inconsistencies noted by the Contractor during this review, or clarifications or instructions issued by the Owner or the Architect in response to the Contractor's notices or requests for information pursuant to Sections 3.2.2 or 3.2.3, the Contractor shall submit any Claims as provided in Article 15. If the Contractor fails to perform the obligations of Sections 3.2.2 or 3.2.3, the Contractor shall pay such costs and damages to the Owner, subject to Section 15.1.7, as would have been avoided if the Contractor had performed such obligations. If the Contractor performs those obligations, the Contractor shall not be liable to the Owner or Architect for damages resulting from errors, inconsistencies or omissions in the Contract Documents, for differences between field measurements or conditions and the Contract Documents, or for nonconformities of the Contract Documents to applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities unless the Contractor recognized or reasonably should have recognized such error, inconsistency, omission or difference and failed to report it to the Owner and the Architect. If the Contractor performs any construction activity that it knows or reasonably should have known involves an error, inconsistency or omission in the Contract Documents or reports referenced therein without such notice to the Owner and the Architect, the Contractor shall be responsible for such performance and shall bear the attributable costs for correction at no increase in the GMP.

§ 3.2.5 The Contractor shall perform such detailed examination, inspection and quality surveillance of the Work as will ensure that the Work is progressing and is being completed in strict accordance with the Contract Documents. The Contractor shall plan and lay out all Work in advance of operations so as to coordinate all work without delay or revision. The Contractor shall be responsible for inspection of portions of the Work already performed to determine that such portions are in proper condition to receive subsequent Work. Under no conditions shall a

section of Work proceed prior to preparatory work having been completed and made satisfactory to receive the related Work. The Contractor shall also ensure that the responsible Subcontractor has carefully examined all preparatory work that has been executed to receive its work and has notified the Contractor (who shall notify the Owner and Architect in writing) of any defects or imperfections in preparatory work that will, in any way, affect satisfactory completion of the Work. The lack of such notification shall constitute an acceptance of preparatory work, and a waiver of any later Claim or defect therein.

§ 3.2.6 Any investigations of hidden or subsurface conditions have been made for design purposes. While the Contractor may reasonably rely upon such investigation results, there is no guarantee, express or implied, that the conditions indicated are representative of those existing throughout the site or that unforeseen developments may not occur. The Contractor is solely responsible for reasonably interpreting the information and extrapolating beyond the testing location, including each individual boring, test pit or other location.

§ 3.2.7 The Contractor shall do no Work without applicable Drawings, Specifications, or written modifications or, where required, Shop Drawings, Product Data, or Samples, unless instructed to do so in writing by the Architect and the Owner.

§ 3.3 Supervision and Construction Procedures

§ 3.3.1 The Contractor shall supervise and direct the Work, using the Contractor's best skill and attention. The Contractor shall be solely responsible for, and have control over, construction means, methods, techniques, sequences, assembly details, and procedures, and for coordinating all portions of the Work under the Contract. The Contractor shall review any such instructions and any construction or installation procedures specified in the Contract Documents, shall advise the Owner and Architect (1) if the specified instruction or procedure deviates from what the Contractor considers to be good construction practice, (2) if following the instruction or procedure will affect any warranties, or (3) if the Contractor objects to the instruction or procedure, and shall propose alternative instructions or procedures acceptable to the Contractor, for which no increase in the GMP or Contract Time will be made. If the Contract Documents give specific instructions concerning construction means, methods, techniques, assembly details, sequences, or procedures, the Contractor shall evaluate the jobsite safety thereof and shall be solely responsible for the jobsite safety of such means, methods, techniques, sequences, or procedures. If the Contractor determines that such means, methods, techniques, sequences or procedures may not be safe, the Contractor shall give timely written notice to the Owner and Architect, and shall propose alternative means, methods, techniques, sequences, or procedures. The Contractor shall not move forward with that portion of the Work without further instructions from the Architect. The Architect shall evaluate the proposed alternative solely for conformance with the design intent for the completed construction. Unless the Architect objects to the Contractor's proposed alternative, the Contractor shall perform the Work using its alternative means, methods, techniques, sequences, or procedures.

§ 3.3.2 The Contractor shall be responsible to the Owner for acts and omissions of the Contractor's principals, employees, Subcontractors of any tier and their agents and employees, and other persons or entities performing portions of the Work for, or on behalf of, the Contractor or any of its Subcontractors of any tier.

§ 3.3.3 The Contractor shall be responsible for inspection of portions of Work already performed to determine that such portions are in proper condition to receive subsequent Work.

§ 3.3.4 The Contractor shall maintain and provide to the Owner, an electronic, word processed daily report for each work day during the Contract Time, whether or not any Work is performed, and for each non-work day in which Work is performed on the site. The daily report must identify all activities performed related to the Work, including but not limited to numbers of workers by trade, equipment in use, inspections, and performance of Change Order and Construction Change Directive Work. The daily report shall be completed electronically on a form approved by the Owner. The Contractor shall ~~electronically submit~~ make all daily reports ~~(via email)~~ available to the Owner and the Architect ~~on each Monday covering the prior week~~ via electronic document control platform for access within twenty-four (24) hours of each work day.

§ 3.3.5 The Contractor, all Subcontractors, and delivery personnel associated with performing the Work of the Contract shall conduct themselves in accordance with all applicable Owner policies while on the job site or any Owner property. Applicable policies include, but are not limited to, Tobacco, Vaping, Drugs, Language, Weapons,

Discrimination, and Sexual Harassment. Failure of a person to comply will be a cause for his or her immediate dismissal from the project. Noncompliance shall be considered a substantial breach of a provision of the Contract Documents.

§ 3.4 Labor and Materials

§ 3.4.1 Unless otherwise provided in the Contract Documents, the Contractor shall provide and pay for labor, materials, equipment, tools, construction equipment and machinery, water, heat, utilities, transportation, and other facilities and services necessary for proper execution and completion of the Work, whether temporary or permanent and whether or not incorporated or to be incorporated in the Work.

§ 3.4.1.1 Products are generally specified by ASTM (American Society of Testing Materials) or other referenced standard and/or by manufacturer's name and model number or trade name. When specified only by reference standard, the Contractor may select any product meeting this standard by any manufacturer. When several products or manufacturers are specified as being equally acceptable, the Contractor has the option of using any product and manufacturer combination listed.

§ 3.4.2 After the GMP Amendment has been executed, the Owner and the Architect may consider a written request for the substitution of material or products in place of those specified in the Contract Documents ~~only~~ under exceptional circumstances described in and following the procedures of the Contract Documents. The written request must be submitted on the Owner's substitution form and include the specifications for the material or product and any proposed change in the GMP or Contract Time. The Contractor may make substitutions only with the written consent of the Owner, after evaluation by the Architect and in accordance with a Change Order or Construction Change Directive. By requesting a substitution, the Contractor represents that it has personally investigated the proposed material or product and determined that it is equal or better in all respects to that specified (or if not equal or better in all respects, the Contractor shall identify such deficiencies), that the same or better warranty will be provided for the substitution, that complete cost data, including all direct and indirect costs of any kind, has been presented, that it waives any other known or unknown Claim for an increase in the GMP or Contract Time, that it has coordinated with affected Subcontractors, that the substitution will not impact other parts of the Work, and that it will coordinate the installation of the substitute if accepted and make all associated changes in the Work. The Contractor will be responsible for the reasonable costs of any time the Owner and/or the Architect expend in reviewing a substitution request. Neither the Owner nor the Architect will be responsible for the performance of the substituted product.

§ 3.4.3 The Contractor shall enforce strict discipline and good order among the Contractor's employees and other persons carrying out the Work, including observance of any badging, drug testing and all smoking, tobacco, drug, alcohol, parking, safety, weapons, background checks, sexual harassment and other rules governing the conduct of personnel at the Project site. The Contractor shall not permit employment of unfit persons or persons not properly skilled in tasks assigned to them. The Contractor shall ensure that all persons performing the Work comply with the Owner's tobacco-free policy, chemical use and weapons prohibition policies, and will not and do not engage in inappropriate conduct or inappropriate contact with any individual present on the Project site. The Contractor shall remove from the Work and Work site any employee or other person who has engaged in such actions or who the Owner reasonably considers objectionable without change in the GMP or Contract Time. Without limiting the generality of the foregoing, the Contractor shall ensure by appropriate provisions in each subcontract agreement that the Contractor may remove from the Work and Work site any Subcontractor or Subcontractor's employee who has engaged in such action. At no change to the GMP or Contract Time, the Contractor shall remove from the Work and Work site any employee or other person pursuant to this Section 3.4.3. ~~Failure to comply with these requirements is grounds for immediate termination of the Agreement for cause.~~

§ 3.4.3.3 The Contractor shall develop and administer a system for maintaining site security and tracking all individuals with access to the Project site. All contractors, suppliers, and visitors who come onto the Owner's property shall be required to display an identification badge or sticker on their person (such as a hard hat sticker), which shall be provided by the Contractor as part of the GMP. The Contractor shall coordinate the distribution of badges or stickers, shall maintain a list of all contractors, suppliers, and visitors with permission to be on the Owner's property, and shall make such list available to the Owner or Architect upon request. All badges or stickers shall include a personal identifier (such as a numerical designation), correlated with the Contractor's list of approved personnel and visitors, to allow the Owner or Architect to identify the contractor, supplier, or visitor.

§ 3.4.4 Prevailing Wages

§ 3.4.4.1 This Contract and the Project are subject to Chapter 39.12 RCW, Washington's Prevailing Wage Act. Pursuant to RCW 39.12, Washington's Prevailing Wage Act, no worker, laborer, or mechanic employed in the performance of any part of the Work shall be paid less than the "prevailing rate of wage" (in effect as of the date that bids are due) as determined by the Industrial Statistician of the Department of Labor and Industries. The schedule of the prevailing wage rates for the locality or localities where this Contract will be performed is attached to the executed Contract and made a part of the Contract Documents by reference as though fully set forth herein; if not attached, then the applicable prevailing wages are determined as of the bid date for the county in which the Project is located and are available at <https://www.lni.wa.gov/licensing-permits/public-works-projects/prevailing-wage-rates/>. A copy is available for viewing at the Owner's office and will be mailed upon request. The Contractor shall also keep a paper copy at the Project site. To the extent that there is any discrepancy between the attached or provided schedule of prevailing wage rates and the published rates applicable under WAC 296-127-011, or if no schedule is attached, the applicable published rates shall apply with no increase in the GMP. It is the Contractor's responsibility to ensure that the correct prevailing wage rates are paid. The Contractor shall provide the respective Subcontractors with a schedule of the applicable prevailing wage rates. Questions relating to prevailing wage data should be addressed to the Industrial Statistician upon request.

Mailing Address:	Department of Labor and Industries Prevailing Wage Office PO Box 44540 Olympia, WA 98504
Telephone:	(360) 902-5335
Facsimile:	(360) 902-5300

§ 3.4.4.2 Pursuant to RCW 39.12.060, in case any dispute arises as to what are the prevailing rates of wages for work of a similar nature, and such dispute cannot be adjusted by the parties in interest, including labor and management representatives, the matter shall be referred for arbitration to the director of the Department of Labor and Industries of the state, and his or her decision therein shall be final and conclusive and binding on all parties involved in the dispute.

§ 3.4.4.3 The Contractor shall defend, indemnify and hold the Owner harmless, including attorneys' fees, from any violation or alleged violation by the Contractor or any Subcontractor of any tier of Washington's Prevailing Wages Act or Chapter 51 RCW ("Industrial Insurance"), including without limitation RCW 51.12.050.

§ 3.4.5 The Contractor shall comply with all applicable provisions of RCW 49.28 ("Hours of Labor").

§ 3.4.6 Pursuant to RCW 49.70, "Worker and Community Right to Know Act," and WAC 296-62-054 et seq., the Contractor shall provide to the Owner and have copies available at the Project site a workplace survey or material safety data sheets for all "hazardous" chemicals under the control or use of Contractor or any Subcontractor of any tier at the Project site. The Contractor shall not be entitled to an increase in the Contract Time or GMP arising from its failure or alleged failure to comply with this statute or regulation.

§ 3.4.7 All products and materials incorporated into the Project as part of the Work shall be certified as "asbestos-free" and "lead-free" by United States standards, and shall also be free of all hazardous materials. At the completion of the Project, the Contractor shall submit Certifications of Asbestos-Free and of Lead-Free Materials certifying that all materials and products incorporated into the Work meet the requirements of this Section and shall also certify that materials and products incorporated into the Work are free of hazardous materials. The Contractor shall submit a substitution request for any product or item that cannot be certified to be asbestos-free.

§ 3.4.8 The Contractor shall be responsible for labor peace on the Project and shall at all times use its best efforts and exercise its best judgment as an experienced contractor to adopt and implement policies and practices designed to avoid work stoppages, slowdowns, disputes or strikes where reasonably possible and practical under the circumstances, and shall at all times maintain Project-wide labor harmony.

§ 3.4.9 Materials shall conform to the manufacturer's standards in effect at the date of execution of the Contract Documents and shall be installed in strict accordance with the manufacturer's instructions, specifications and directions. The Contractor shall, if required in writing by the Owner or the Architect, furnish satisfactory evidence regarding the kind and quality of any materials identifying thereon the source, and warranting their quality and compliance with the Contract Documents.

§ 3.5 Warranty

§ 3.5.1 The Contractor warrants to the Owner and Architect that materials and equipment furnished under the Contract will be of good quality and new unless the Contract Documents require or explicitly permit otherwise. The Contractor further warrants that the Work will be performed in a skillful and workmanlike manner, will conform to the requirements of the Contract Documents and will be free from defects. Work, materials, or equipment not conforming to these requirements, including substitutions not properly approved and authorized, shall be defective. Unless such actions are caused by or are the responsibility of the Contractor, the Contractor's warranty excludes remedy for damage or defect caused by abuse by the Owner, alterations to the Work not executed or supervised by or through the Contractor, improper or insufficient maintenance, improper operation, or normal wear and tear and normal usage. If required by the Owner or the Architect, the Contractor shall furnish satisfactory evidence as to the kind and quality of materials and equipment. The Contractor is not relieved of its general warranty obligations by the specification of a particular product or procedure in the Contract Documents. Warranties in the Contract Documents shall survive completion, acceptance and final payment.

§ 3.5.2 All material, equipment, or other special warranties required by the Contract Documents shall be issued in the name of the Owner, or shall be transferable to the Owner, and shall commence in accordance with Section 9.8.4. The Contractor shall secure, collect, assign, and deliver to the Owner any specific written warranties given by others and required by the Contract Documents. These warranties shall extend to the Owner all rights, claims, benefits and interests that the Contractor may have under express or implied warranties or guarantees against the Subcontractor, supplier or manufacturer for defective or non-conforming Work. Prior to furnishing the Owner with written guarantees and warranties, the Contractor shall provide copies to the Architect for review. The Contractor shall not permit such warranties to include limitations on the applicable Subcontractors, suppliers, and manufacturers' obligations to correct and replace, at their sole cost and expense, defective or non-conforming equipment and/or materials. Warranty language shall comply with the Contract Documents and shall be submitted to the Owner and Architect ~~at least thirty (30) days prior to ordering the warranted material or equipment~~. The Contractor shall be responsible for any failure of the warranty language to comply with the requirements of the Contract Documents.

§ 3.6 Taxes

The Contractor shall pay all taxes, including sales, consumer, use, B&O, income, and similar taxes for the Work provided by the Contractor that are legally enacted when the GMP Amendment is executed, whether or not yet effective or merely scheduled to go into effect. The only taxes excluded from the GMP and separately reimbursable are Washington State Sales Taxes (WSST).

§ 3.6.1 If applicable, the Owner will furnish to the Contractor a sales and compensating tax exemption certificate number from the State of Washington for the construction of this Project, which must be provided by Contractor to all Subcontractors and material suppliers. Upon completion of the Project, the Contractor shall comply with any reporting requirements required by the applicable governing jurisdiction.

§ 3.7 Permits, Fees, Notices and Compliance with Laws

§ 3.7.1 Unless otherwise explicitly provided in the Contract Documents, the Contractor shall secure and pay for as part of the Contract Sum and as a Cost of the Work within the GMP any Project-specific permits, licenses, and inspection fees of governmental authorities having jurisdiction, including without limitation Subcontractor permits and fees, review and application fees for shop drawings, inspection and re-inspection fees, and renewal fees and penalties, necessary for proper execution and completion of the Work. The Owner shall pay for, and the Contractor shall NOT include as a Cost of the Work, the cost of the building permit. The Contractor shall determine the cost for the building permit, submit evidence of such cost to the Owner, pick up payment for the building permit from the Owner, and directly deliver the Owner's payment to the appropriate permitting agency when picking up the building permit, all at no change in the GMP. The Contractor shall then deliver a receipt for the building permit to the Owner also at no change in the GMP. The Contractor shall not add or be entitled to any markup on the building permit.

§ 3.7.2 The Contractor shall comply with and give notices required by applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities applicable to performance of the Work. The Contractor shall coordinate and schedule all Work with permitting agencies, utility companies, and other such agencies with jurisdictional authority necessary for completion of the Work. The Contractor shall keep the Owner informed of communications from these authorities and utilities. The Contractor shall be responsible for providing all information, documents, and fees to the permitting agencies, utility companies, and other such agencies determined to have jurisdictional authority within thirty (30) days after issuance of the Notice to Proceed to the extent necessary for site access and, for other purposes, as soon as necessary to obtain and coordinate permits, utility and other such connections. The Contractor shall obtain all permit renewals during the course of the Work and will be responsible for, as part of the GMP, any renewals of and penalties arising from the building permit and other permits and governmental fees. The Contractor will be responsible for providing information and fees to the Department of Labor and Industries.

§ 3.7.3 If the Contractor observes that portions of the Contract Documents are at variance with applicable laws, statutes, ordinances, codes, rules or regulations, or lawful orders of public authorities, the Contractor shall promptly notify the Architect and Owner in writing, and necessary changes shall be accomplished by appropriate Modification. If the Contractor performs Work knowing it to be contrary to applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities, the Contractor shall assume responsibility for such Work and shall bear the costs attributable to correction.

§ 3.7.4 Concealed or Unknown Conditions

If the Contractor encounters conditions at the site that are (1) subsurface or otherwise concealed physical conditions that differ materially from those indicated in any soils reports available to the Contractor or the Contract Documents or (2) unknown physical conditions of an unusual nature that differ materially from those ordinarily found to exist and generally recognized as inherent in construction activities of the character provided for in the Contract Documents, the Contractor shall promptly provide written notice to the Owner and the Architect before conditions are disturbed and in no event later than ~~seven~~fourteen (714) days after first observance of the conditions. The Architect will promptly investigate such conditions and, if the Architect determines that they differ materially and cause an increase or decrease in the Contractor's cost of, or time required for, performance of any part of the Work, will recommend that an equitable adjustment be made in the GMP or Contract Time, or both, consistent with the requirements of the Contract Documents. If the Architect determines that the conditions at the site are not materially different from those indicated in the Contract Documents and that no change in the terms of the Contract is justified, the Architect shall promptly notify the Owner and Contractor, stating the reasons. If either party disputes the Architect's determination or recommendation, that party may submit a Claim as provided in Article 15. No increase to the GMP or the Contract Time shall be allowed if the Contractor knew or reasonably should have known of the concealed conditions prior to executing the GMP Amendment.

§ 3.7.5 If, in the course of the Work, the Contractor encounters human remains or recognizes the existence of burial markers, archaeological sites or wetlands not indicated in the Contract Documents, the Contractor shall immediately suspend any operations that would affect them and shall immediately notify the Owner and Architect by telephone call and in writing. Upon receipt of such notice, the Owner shall promptly take any action necessary to obtain governmental authorization required to resume the operations. The Contractor shall continue to suspend such operations that may affect the human remains, burial markers, archaeological sites or wetlands until otherwise instructed by the Owner but shall continue with all other operations that do not affect those remains or features. Requests for adjustments in the GMP and Contract Time, if any, arising from the existence of such remains or features shall be made as provided in Article 15.

§ 3.8 Allowances

§ 3.8.1 The Contractor shall include in the GMP all allowances stated in the Contract Documents. Items covered by allowances shall be supplied for such amounts and by such persons or entities as the Owner may direct, but the Contractor shall not be required to employ persons or entities to whom the Contractor has made reasonable and timely written objection.

§ 3.8.2 Unless otherwise provided in the Contract Documents,

- .1 allowances shall cover the cost to the Contractor of materials and equipment delivered at the site and all required taxes except sales tax, less applicable trade discounts;

- .2 Contractor's costs for unloading and handling at the site, labor, installation costs, overhead, profit, and other expenses contemplated for stated allowance amounts shall be included in the GMP but not in the allowances; and
- .3 whenever costs are more than or less than allowances, the GMP shall be adjusted accordingly by Change Order. The amount of the Change Order shall reflect (1) the difference between actual, reasonable costs and the allowances under Section 3.8.2.1 and (2) changes in Contractor's costs under Section 3.8.2.2.

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§ 3.8.3 Materials and equipment under an allowance shall be selected by the Owner with reasonable promptness.

§ 3.9 Superintendent and Project Management

§ 3.9.1 The Contractor shall employ and assign a competent and experienced project manager, field engineer, superintendent, and necessary assistants who shall be in attendance at the Project site during performance of the Work. The project manager and superintendent shall represent the Contractor, and communications given to the project manager or superintendent shall be as binding as if given to the Contractor. Important communications shall be confirmed in writing. Other communications shall be similarly confirmed on written request in each case. The Contractor's superintendent shall be experienced in the scope of Work covered by the contract.

§ 3.9.1.1 The superintendent, project manager and field engineer shall be employees of the Contractor. The superintendent and field engineer, as well as appropriate Subcontractor supervisory personnel (foreman level and above for all Subcontractors working at the site), shall be assigned to the Project full-time and shall be present at the Project site whenever Subcontractors of any tier are present, which shall not be less than eight (8) hours per day, five (5) days per week, unless the job is closed down due to a legal holiday, a general strike, conditions beyond the control of the Contractor, termination of the Contract in accordance with the Contract Documents, or Substantial Completion is attained. The project manager shall be assigned to the Project for at least 12 hours per week and shall also regularly be at the Project site and attend progress meetings. All Project personnel shall have and utilize cellular telephones and email. Communication by facsimile shall not be permitted. After Substantial Completion, a qualified, experienced representative of the Contractor with authority to bind the Contractor shall remain on site full-time until Final Completion is attained. Similarly, appropriate Subcontractor supervisory personnel (foreman level or above) shall also be present at the Project site whenever Subcontractor work of any tier is being performed, whether before or after Substantial Completion. Neither the superintendent nor the Contractor's project manager or field engineer shall be changed without the approval of the Owner, which shall not be unreasonably withheld. The Contractor's superintendent shall not be employed on any other project during the course of the Work.

§ 3.9.2 The Contractor, within seven (7) days after award of the Contract, shall notify the Owner and Architect in writing of the name and qualifications of a proposed project manager, superintendent, and field engineer. Within a reasonable time of receipt of the information, the Owner and the Architect may notify the Contractor, stating whether the Owner or the Architect (1) has reasonable objection to the proposed project manager, superintendent, and/or field engineer, or (2) requires additional time for review. Failure of the Owner and the Architect to provide notice within a reasonable time shall constitute notice of no reasonable objection.

§ 3.9.2.1 Prior to executing the GMP Amendment, the Contractor shall also furnish to the Architect and Owner:

- .1 A chain-of-command organizational chart which includes all supervisory personnel, including all personnel identified in the Contractor's RFP response, the project manager, field engineer, superintendent, lead foreman, and any other management personnel that the Contractor intends to use on the Work. The chart shall identify any limits of authority for each person, including any limitation on his or her ability to speak for and bind the Contractor, as well as any limits on decision-making authority with respect to specific dollar values, Contract Time, and issues affecting quality of the Work. The chart shall also specify who is responsible for Shop Drawing review and submittal and as-built drawing maintenance.
- .2 Complete resumes, including all past and current projects, for the proposed project manager, the field engineer and the superintendent. The Owner intends to review the resumes and verify references, and it reserves the right to reject personnel reasonably believed to be unsuitable or incompatible for the Project. The Contractor shall replace any rejected personnel with an agreeable replacement at no increase in the GMP or Contract Time.

- .3 A list of telephone numbers for all key personnel of the Contractor and its principal Subcontractors for purposes of contacting personnel after hours in the event of an emergency. The list shall be periodically updated as necessary to ensure the Owner has the most current information.

§ 3.9.3 The Contractor shall not employ a proposed project manager, superintendent, and/or field engineer, to whom the Owner or Architect has made reasonable and timely objection. The Contractor shall not change the project manager, superintendent, or field engineer without the Owner's consent, ~~which shall not unreasonably be withheld or delayed.~~ However, the Owner ~~shall have the absolute right may,~~ in its ~~reasonable~~ discretion ~~and at any time, we~~ require the Contractor to replace the project manager, superintendent, and/or any of the various assistants at no change in the GMP or Contract Time. The Contractor shall also have available for Work on site experienced, skilled workers, such as carpenters, laborers, and erection specialists, to perform Work as needed. The Contractor's Schedule of Values shall include as separate line items the cost of Contractor's project manager, superintendent, and field engineer.

§ 3.10 Contractor's Construction and Submittal Schedules; Meetings

§ 3.10.1 The Contractor shall submit for the Owner's and Architect's information a preliminary Contractor's construction schedule for the Work in accordance with Attachment 4 to the Agreement. Following execution of the GMP Amendment, the Contractor, after consultation with its Subcontractors, shall submit two (2) hard and color copies and an electronic copy of the Contractor's construction schedule consistent with the requirements of the Contract Documents. The Contractor shall also submit an updated schedule each month with its Application for Payment. The schedule shall contain detail appropriate for the Project, including (1) the date of commencement of the Work, interim schedule milestone dates, and the date of Substantial Completion; (2) an apportionment of the Work by construction activity; and (3) the time required for completion of each portion of the Work. The schedule shall provide for the orderly progression of the Work to completion and shall not exceed time limits current under the Contract Documents. The schedule shall be revised monthly as required by the conditions of the Work and Project. Neither the Owner nor the Architect have the responsibility to review the substance of the Contractor's construction schedule.

§ 3.10.1.1. The Contractor will be responsible for planning, scheduling, managing and reporting the progress of the Work in accordance with all of the specific methods and submittals described in the Contract Documents.

§ 3.10.1.2. The Contractor's construction schedule shall be prepared by a competent scheduler, and used by the Contractor to plan, prosecute, and coordinate the Work in an orderly and expeditious manner. The Contractor's construction schedule may be used by the Owner and the Architect to evaluate progress and status at the various stages of the Project, allocate funds consistent with the Schedule of Values, determine the impact of any changes to the Contract, and establish the basis for progress payments. Such review shall not constitute an approval or acceptance of the Contractor's construction means, methods or sequencing, or its ability to complete the Work in a timely manner. Neither the Owner nor the Architect are responsible for reviewing or accepting the substance or logic of the Contractor's construction schedule.

§ 3.10.1.3. The Contractor's construction schedule shall be based upon a critical path method ("CPM") analysis of construction and related activities and sequence of operations needed for the orderly performance and completion of all separable parts of the Work in accordance with the Contract and within the Contract Time. The schedule shall be in the form of a precedence diagram and activity listing, and shall be time-scaled. It shall include the Notice to Proceed date, the dates of interim milestones, the date(s) of Substantial Completion, and the date(s) of Final Completion in accordance with the Contract Documents. The Critical Path shall be clearly indicated on the Contractor's construction schedule. No more than 20% of the progress activities shall be on the critical path, and no more than 30% shall have less than five (5) days' float. At the Architect's discretion, the Contractor may be required to prepare and submit an electronic spreadsheet (formatted in a manner compatible with MS Excel) that allocates the approved Schedule of Values to the appropriate schedule activities contained in the construction schedule. ~~The time scaled network diagram shall be summarized on a single sheet not to exceed 30" x 42". The schedule calendar shall be a work-day calendar that recognizes holidays observed by the local construction unions.~~

§ 3.10.1.4. The network diagram shall show in detail and in order the sequence of all significant activities, their descriptions, start and finish dates, durations, links, and dependencies, necessary to complete all Work and any separable parts thereof. Predecessor and successor reports identifying links and relationships shall be provided if

requested by the Architect or Owner. The activity listing shall show the following information for each activity on the network diagram:

- .1 Activity description;
- .2 Duration (not to exceed fifteen (15) working days);
- .3 Start and finish dates;
- .4 Total float time and free float time; and
- .5 Dates that Work must be performed and completed by other contractors to support the Work and the interfaces with such other contractors.

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§ 3.10.1.5. A schedule for the purchase and receipt of items required for performance of the Work, identifying submittal and approval dates and showing lead times between purchase order placement and delivery dates, shall be integrated with the Contractor's construction schedule. The Contractor shall furnish the Architect with copies of all purchase orders and acknowledgments and fabrication, production, and shipping schedules for all major items on the critical path within ten (10) days of Contractor's receipt of each purchase order, acknowledgment or schedule. Neither the Architect nor the Owner shall be deemed to have approved or accepted any such material, or its schedule, nor deemed to have waived this requirement if some or all of the material is not received.

§ 3.10.1.6. Milestone completion dates shall be clearly defined on the Contractor's construction schedule. They shall include, at a minimum:

- .1 Notice to Proceed;
- .2 On-Site Start;
- .3 Trade Completions;
- .4 Any Phase Milestones;
- .5 Statutory Authorities Occupancy Approvals;
- .6 Substantial Completion (beneficial occupancy);
- .7 Punch list Completion;
- .8 Date of Commissioning; and
- .9 Final Completion.

§ 3.10.1.7. If abbreviations are used in the Contractor's construction schedule, a legend shall be provided to define all abbreviations.

§ 3.10.1.8. The construction schedule shall be prepared using a generally accepted and readily available scheduling software acceptable to the Owner; ~~no other scheduling software shall be allowed~~. The progress schedules shall be submitted as both a paper copy and in native electronic format ~~on a CD and~~ by email, any of which must include data files that can be loaded onto the Owner's copy of the scheduling software and be capable of being printed.

§ 3.10.1.9. At each monthly meeting with the Owner, the Contractor shall submit ~~(a)~~ an updated Contractor's construction schedule (printed from the CPM and based on the CPM baseline schedule) accurately identifying the current status of the Work and showing the activities planned for the next ~~month and (b) a report showing actual start and finish dates compared to the original CPM baseline from the previous~~ month. The schedule shall show, among other detail, all Work activities numbered according to the CPM baseline schedule, any submittal or delivery activities with less than five (5) days' float, and any permitting, testing, or inspection activities by others. The updated Contractor's construction schedule shall display actual start dates and percent completion or actual finish dates if the activity is 100% complete. ~~Any changes in logic or duration of the activities contained in the updated Contractor's construction schedule, insertion of new activities, or deletion of planned activities, shall be submitted in a separate report describing such changes.~~

§ 3.10.1.10. Within ten (10) days after receipt by the Architect, two copies of the Contractor's construction schedule will be returned to the Contractor with comments, following review by the Owner. Review by the Owner and Architect of the Contractor's construction schedule shall not constitute an approval or acceptance of the Contractor's construction means, methods, or sequencing, or its ability to complete the Work in a timely manner.

§ 3.10.1.11. The Contractor shall utilize and comply with the Contractor's construction schedule. The Contractor shall not be entitled to any adjustment in the Contract Time, the Contractor's construction schedule, or the GMP, or to any additional payment of any sort by reason of the loss or use of any float time, including time between the

Contractor's anticipated completion date and end of the Contract Time, whether or not the float time is described as such on the Contractor's construction schedule. To ensure that the Owner is substantively aware and effectively able to mitigate any Project delays, the Contractor shall not be entitled to any extension of time, compensable or otherwise, for any delay that occurred during any time the Contractor has not timely submitted an updated construction schedule as required by the Contract Documents.

§ 3.10.1.12. Should the Contractor fail to meet any scheduled date as shown on the current Contractor's construction schedule, the Contractor shall, if requested, be required at its own expense to submit within ten (10) days of the request an updated Contractor's construction schedule at no cost to the Owner. If the Contractor's progress indicates to the Owner that the Work will not be Substantially Completed within the Contract Time or will not meet a scheduled date as shown on the construction schedule, the Contractor shall, at its own expense, increase its work force and/or working hours to bring the actual completion dates of the activities into conformance with the Contractor's construction schedule and Substantial Completion within the Contract Time. The Contractor shall reschedule and also submit a revised Contractor's construction schedule at its own expense within ten (10) days of notice from the Architect or Owner that the sequence of Work varies significantly from that shown on the Contractor's construction schedule showing Work to complete on original Contract Time with approved extensions. The Owner may withhold some or all of the progress payments until such time as the Contractor has provided an approved revised construction schedule in a form satisfactory to the Owner. Neither the Owner nor the Architect will be obligated to review the substance or sequence of the Contractor's construction schedule or otherwise determine whether it is correct, appropriate or attainable.

§ 3.10.1.13. In the event the Contractor is entitled to a change in the Contract Time, the adjustment to the Contract Time shall be limited to the change in the critical path of construction activities.

§ 3.10.1.14. Any float time to activities not on the critical path shall belong to the Project (i.e., the Contractor, the Owner and the Architect), and may be used by the Project to optimize its construction process. Any float time between the end of the final construction activity and the final completion date shall belong to the Owner, and may be used by the Owner in determining if the Contract Time should be extended for changes in the Contract or for delays caused by the Owner. The Contractor will not be entitled to any adjustment in the Contract Time, the construction schedule, or the GMP, or to any additional payment of any sort by reason of the Owner's use of float time between the end of the final construction activity and the final completion date or by reason of the loss or use of any float time, including time between the Contractor's anticipated completion date and end of the Contract Time, whether or not the float time is described as such on the Contractor's construction schedule.

~~**§ 3.10.1.15.** The Contractor shall allocate in the Schedule of Values a separate line item in the amount of at least one-half of one percent (.5%) of the GMP for scheduling, which shall cover both the initial schedule and all monthly updates. The Contractor shall request payment for this line item with each Application for Payment, based upon the overall percentage of completion of the Project. For any month that the Contractor fails to submit a satisfactory construction schedule or an accurate schedule update identifying accurately the current status of the Work, the Contractor shall not be entitled to any payment for scheduling for that month, and the percentage of the scheduling line item represented by that month's percentage of completion of the Work shall, at the Owner's option, be permanently deducted from the GMP by Change Order.~~

§ 3.10.2 The Contractor, promptly after being awarded the Contract and thereafter as necessary to maintain a current submittal schedule, shall submit and keep current a submittal schedule for the Owner's and the Architect's review. The Owner's and the Architect's approval shall not be unreasonably delayed or withheld. The submittal schedule shall (1) be coordinated with the Contractor's construction schedule, and (2) allow the Owner and the Architect reasonable time to review submittals in accordance with the Specifications and submittal procedures. The Contractor shall contemporaneously provide the Owner with a copy of all submittals and should expect a response time of at least twenty-one (21) days for the Architect's review and ~~at least fourteen (14) additional days for review by the Architect's~~ s consultants' review. Complex, inter-related or multiple submittals will often take longer. Neither the Owner nor the Architect can guarantee response times from governmental authorities, such as permitting agencies or review of any required deferred submittals. If the Contractor fails to submit a submittal schedule acceptable to the Owner, or fails to provide submittals in accordance with the approved submittal schedule, the Contractor shall not be entitled to any increase in GMP or extension of Contract Time based on the time required for review of submittals or any resulting delay in the procurement of material.

§ 3.10.3 The Contractor shall perform the Work in accordance with the most recent schedules submitted to the Owner and Architect and shall promptly notify the Owner of any substantial deviations from those schedules, including deviations that may affect the critical path.

§ 3.10.4 **Meetings.** Following execution of the Contract and ending with the date of Final Completion of the Work, the Contractor shall attend and participate in and ensure applicable Subcontractors of any tier attend and participate in:

- .1 Bi-weekly meetings during Preconstruction Phase;
- .2 Regular weekly on-site Project status meetings during construction scheduled by the Owner or by the Architect to review progress of the Work, to discuss the Contractor's progress reports, to obtain necessary Owner's or Architect's approvals, and generally to keep the Owner and Architect informed and involved in the progress of the Project;
- .3 Monthly scheduling meetings, which shall occur by the 20th of each month and, when requested by the Owner, be attended by the Contractor and the Contractor's scheduler (the individual responsible for preparing the Contractor's CPM construction schedule and updates), to discuss (1) the current progress of the Work as compared to the most recent Contractor's construction schedule, (2) necessary updates to the Contractor's construction schedule to conform to the Contract and the current status of the Work, all of which shall be required prior to the Contractor submitting its next Application for Payment to the Owner, and (3) other scheduling related issues; and
- .4 Other meetings scheduled from time to time by the Owner or by the Architect to review progress of the Work and other pertinent matters.

The Contractor shall prepare and submit at the weekly Project status meetings three-week look-ahead schedules that relate to the overall construction schedule. ~~At each weekly meeting with the Owner, the Contractor shall also submit (a) a short interval schedule in bar chart form showing the activities planned for the next week, and (b) a report showing actual starts and finishes from planned progress from the previous week.~~ At the monthly scheduling meeting, the Contractor shall submit an updated Contractor's construction schedule based on the baseline CPM schedule, which shall identify accurately the current status of the Work.

§ 3.11 Documents and Samples at the Site

§ 3.11.1 The Contractor shall make available to the Owner, at the Project site, the Contract Documents, including Change Orders, Construction Change Directives, and other Modifications, in good order and marked currently to indicate field changes and selections made during construction, and one record copy of the accepted Shop Drawings, Product Data, Samples, and similar required submittals. These shall be in electronic form or paper copy, available to the Architect and the Owner, and delivered to the Architect for submittal to the Owner upon completion of the Work as a record of the Work as constructed. The Contractor shall review and follow the as-built drawing standards referenced in the Contract Documents. The location of all new and existing piping, valves, conduit, cabling and utilities, as located during the course of construction, shall be appropriately marked until the actual field location dimensions and coordinates are incorporated on the as-built drawings, and mechanical and electrical deviations and changes shall be included. The documents shall include all Architectural, Mechanical, Electrical, Structural, Landscape, and Civil as-built drawings, whether changes occur or not. These documents, as well as the approved permit set of plans, shall be available to the Architect and Owner at the site and reviewed with them on a monthly basis.

§ 3.11.2 The Contractor shall allocate in the Schedule of Values a separate line item ~~in the amount of at least one-half of one percent (.5%) of the GMP~~ for ongoing maintenance and completion of as-built drawings. The Contractor shall request payment for this line item with each Application for Payment, based upon the overall percentage of completion of the Project. For any month that the Contractor fails to accurately and completely update the as-built drawings to reflect the current status of the Work, the Contractor shall not be entitled to any payment for as-built drawings for that month, and the monthly allocation for as-built drawings shall, at the Owner's option, be permanently deducted from the GMP by Change Order.

§ 3.11.3 Upon Final Completion of the Work, the Contractor shall transfer all as-built information in a clear and legible manner as described in the Contract Documents and in compliance with all requirements of local governmental entities, shall certify in writing that these documents reflect complete and accurate "as-built"

conditions and shall deliver the following in a clear, clean and legible manner and in compliance with all requirements of local governmental authorities: (i) complete, integrated copies of the documents in both paper form in good condition and in electronic form in the same format as originally created by the Architect, (ii) the approved permit set of plans, and (iii) full-size record documents, Shop Drawings, Specifications, Addenda, maintenance manuals and warranties to the Architect for submittal to the Owner in accordance with the provisions of the Contract Documents. ~~Satisfactory maintenance~~ Maintenance of up-to-date as-built drawings on a monthly basis will be a requirement for approval of progress payments.

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§ 3.12 Shop Drawings, Product Data and Samples

§ 3.12.1 Shop Drawings are drawings, diagrams, schedules, and other data specially prepared for the Work by the Contractor or a Subcontractor, Sub-subcontractor, manufacturer, supplier, or distributor to illustrate some portion of the Work.

§ 3.12.2 Product Data are illustrations, standard schedules, performance charts, instructions, brochures, diagrams, and other information furnished by the Contractor to illustrate materials or equipment for some portion of the Work.

§ 3.12.3 Samples are physical examples that illustrate materials, equipment, or workmanship, and establish standards by which the Work will be judged.

§ 3.12.4 Shop Drawings, Product Data, Samples, and similar submittals are not Contract Documents. Their purpose is for the Contractor to demonstrate how the Contractor proposes to conform to the information given and the design concept expressed in the Contract Documents for those portions of the Work for which the Contract Documents require submittals. Review and acceptance of such submittals by the Owner and the Architect is subject to the limitations of Section 4.2.7 and shall not constitute an approval of the Contractor's means and methods or a waiver or modification of any requirement of the Contract Documents. Informational submittals upon which the Owner and the Architect are not expected to take responsive action may be so identified in the Contract Documents. Submittals that are not required by the Contract Documents may be (but are not required to be) returned by the Owner or the Architect without action.

§ 3.12.5 The Contractor shall be responsible for tracking the status of submittals. The Contractor shall review for compliance with the Contract Documents, note any deviations from the Contract Documents, approve in writing, and submit to the Owner and the Architect, Shop Drawings, Product Data, Samples, and similar submittals required by the Contract Documents, in accordance with the submittal schedule approved by the Owner and the Architect or, in the absence of an approved submittal schedule, with reasonable promptness and frequency and in such sequence and uniform flow rate as to cause no delay in the Work or in the activities of the Owner or of Separate Contractors. The Architect may return without action submittals that are not marked as reviewed for compliance with the Contract Documents and approved by the Contractor; such return will not constitute an Owner-caused delay to the Contractor. At the time of submission, the Contractor shall inform the Architect in writing if expedited review is requested or if there is any deviation in the Shop Drawings, Product Data, or Samples from the requirements of the Contract Documents. So far as practicable, each Shop Drawing or Product Data submittal shall bear a cross reference note referring to Drawing or detail numbers on the Drawings showing the same Work in order to facilitate checking of Shop Drawing or Product Data and their prompt return to the Contractor. Shop Drawings for interrelated Work shall be submitted at approximately the same time. The Contractor shall stamp and initial its approval on all submittals prior to submitting them to the Architect indicating that the Contractor has satisfied its responsibilities under the Contract Documents for review of the submittals. Unless otherwise directed in writing, the Contractor shall submit one reproducible copy and five black line print copies to the Architect for its use and distribution. The Architect will retain the reproducible copy. The Contractor shall keep accurate records of the receipt, review and delivery of all submittals and shall submit to the Owner reports every other week on the status of their review, identifying the location and the causes of any failure to promptly receive such submissions and suggesting responsibility.

§ 3.12.6 By approving and submitting Shop Drawings, Product Data, Samples, and similar submittals, the Contractor represents to the Owner and Architect that the Contractor has (1) reviewed and approved them, (2) determined and verified materials, field measurements and field construction criteria related thereto, or will do so, and (3) checked and coordinated the information contained within such submittals with the requirements of the Work and of the Contract Documents. Each submittal shall bear a stamp or specific written indication that the Contractor has

satisfied its responsibilities under the Contract Documents with respect to the review of the submission. ~~The Contractor's superintendent must initial each submittal.~~ Submittals that are simply passed through by the Contractor's clerical staff are not sufficient to meet these requirements. Each submittal shall be accompanied by a completed Submittal Cover Sheet, as provided by the Owner or the Architect, which shall clearly identify the applicable Specification Section and paragraph number(s), material, supplier, pertinent data such as catalog numbers and the use for which it is intended.

§ 3.12.7 The Contractor shall perform no portion of the Work for which the Contract Documents require submittal and review of Shop Drawings, Product Data, Samples, or similar submittals, until the respective submittal has been reviewed and no exceptions are taken by the Architect.

§ 3.12.8 The Work shall be in accordance with accepted submittals except that the Contractor shall not be relieved of responsibility for deviations from the requirements of the Contract Documents by the Architect's review or acceptance of Shop Drawings, Product Data, Samples, or similar submittals, unless the Contractor has specifically notified the Architect of such deviation at the time of submittal and a Change Order or Construction Change Directive has been issued authorizing the deviation. The Contractor shall not be relieved of responsibility for errors or omissions in Shop Drawings, Product Data, Samples, or similar submittals, by the Architect's approval, review, or acceptance thereof. Any corrections or modifications to Shop Drawings made by the Architect shall be deemed accepted by the Contractor, without change in GMP or Contract Time, unless the Contractor provides the Architect with written notice at least three (3) working days before commencing any Work from such Shop Drawings and complies with the contractual Change Order and Claim procedures. The Contractor shall make all corrections requested by the Architect and, when requested by the Architect, provide a corrected submittal without change in the GMP or Contract Time.

§ 3.12.9 The Contractor shall direct specific attention, in writing or on resubmitted Shop Drawings, Product Data, Samples, or similar submittals, to revisions other than those requested by the Architect on previous submittals. In the absence of such notice, the Architect's acceptance or approval of a resubmission shall not apply to such revisions.

§ 3.12.10 The Contractor shall not be required to provide professional services that constitute the practice of architecture or engineering unless such services are specifically required by the Contract Documents for a portion of the Work or unless the Contractor needs to provide such services in order to carry out the Contractor's responsibilities for construction means, methods, techniques, sequences, and procedures. The Contractor shall not be required to provide professional services in violation of applicable law.

§ 3.12.10.1 If professional design services or certifications by a design professional related to systems, materials, or equipment are specifically required of the Contractor by the Contract Documents, the Owner and the Architect will specify all performance and design criteria that such services must satisfy. The Contractor shall be entitled to rely upon the adequacy and accuracy of the performance and design criteria provided in the Contract Documents. The Contractor shall cause such services or certifications to be provided by an appropriately licensed design professional, whose signature and seal shall appear on all drawings, calculations, specifications, certifications, Shop Drawings, and other submittals prepared by such professional. Shop Drawings, and other submittals related to the Work, designed or certified by such professional, if prepared by others, shall bear such professional's written approval when submitted to the Architect. The Owner and the Architect shall be entitled to rely upon the adequacy and accuracy of the services, certifications, and approvals performed or provided by such design professionals, provided the Owner and Architect have specified to the Contractor the performance and design criteria that such services must satisfy. Pursuant to this Section 3.12.10, the Architect will review and approve or take other appropriate action on submittals only for the limited purpose of checking for conformance with information given and the design concept expressed in the Contract Documents.

§ 3.12.10.2 If the Contract Documents require the Contractor's design professional to certify that the Work has been performed in accordance with the design criteria, the Contractor shall furnish such certifications to the Architect at the time and in the form specified by the Architect.

§ 3.13 Use of Site

§ 3.13.1 The Contractor shall confine operations at the site to areas permitted by applicable laws, statutes, ordinances, permits, codes, rules and regulations, lawful orders of public authorities, and the Contract Documents and shall not unreasonably encumber the site with materials or equipment. Materials and equipment on site shall be used directly in the Work and not stored on site after their use is complete. There shall be no use of existing on-site facilities (parking, toilets, etc.) without the Owner's prior approval.

§ 3.13.2 Portions of the site may be occupied and in use during construction and the Contract Documents may identify specific phasing, sequencing, and safety measures beyond those specified in these revised General Conditions. The Contractor is responsible to coordinate its Work with any reasonable occupation or use at no increase to the GMP or Contract Time and at no disruption to the reasonable occupancy or use. The Contractor shall be solely responsible for determining and implementing all necessary safety provisions.

§ 3.14 Cutting and Patching

§ 3.14.1 The Contractor shall be responsible for cutting, fitting, or patching required to complete the Work or to make its parts fit together properly. All areas requiring cutting, fitting, or patching shall be restored to the condition existing prior to the cutting, fitting, or patching, unless otherwise required by the Contract Documents.

§ 3.14.2 The Contractor shall not damage or endanger a portion of the Work or fully or partially completed construction of the Owner or Separate Contractors by cutting, patching, or otherwise altering such construction, or by excavation. The Contractor shall not cut or otherwise alter construction by the Owner or a Separate Contractor except with written consent of the Owner and of the Separate Contractor. Consent shall not be unreasonably withheld. The Contractor shall not unreasonably withhold, from the Owner or a Separate Contractor, its consent to cutting or otherwise altering the Work.

§ 3.14.3 Existing structures and facilities, including but not limited to buildings, landscaping, utilities, topography, streets, curbs, and walks, that are damaged or removed due to excavations or other construction operations of the Contractor, shall be patched, repaired or replaced by the Contractor to the satisfaction of the Architect, the owner of such structures and facilities, and governmental authorities having jurisdiction. In the event the governmental authorities require that the repairing and patching be done with their own labor and/or materials, the Contractor shall abide by such regulations and shall pay for such Work at no additional cost to the Owner.

§ 3.15 Cleaning Up

§ 3.15.1 The Contractor shall keep the premises and surrounding area, including roads, free from accumulation of waste materials and rubbish caused by operations under the Contract. The Contractor shall furnish portable containers (including recycling containers) on site for use by all trades. At the Owner's request and, in any event, at the completion of the Work, the Contractor shall remove or recycle waste materials, rubbish, the Contractor's tools, construction equipment, machinery, and surplus materials from and about the Project.

§ 3.15.2 If the Contractor fails to clean up as provided in the Contract Documents, the Owner may do so upon three (3) days' notice to the Contractor and the Owner shall be entitled to reimbursement from the Contractor, by offset, deductive Change Order, or otherwise, for any clean-up costs.

§ 3.15.3 The Contractor will only use waste receptacles provided by the Contractor and will appropriately dispose of any waste material off site.

§ 3.16 Access to Work

The Contractor shall provide the Owner and Architect with access to the Work in preparation and progress wherever located.

§ 3.17 Royalties, Patents and Copyrights

The Contractor shall pay all royalties and license fees. The Contractor shall defend suits or claims for infringement of copyrights and patent rights and shall hold the Owner and Architect harmless from loss on account thereof, but shall not be responsible for defense or loss when a particular design, process, or product of a particular manufacturer or manufacturers is required by the Contract Documents, or where the copyright violations are contained in Drawings, Specifications, or other documents prepared by the Owner or Architect. However, if an

infringement of a copyright or patent is discovered by, or made known to, the Contractor, the Contractor shall be responsible for the loss unless the information is promptly furnished to the Architect.

§ 3.18 Indemnification

§ 3.18.1 To the fullest extent permitted by law and subject to the following conditions including the subparagraphs below, the Contractor shall defend, indemnify, and hold harmless the Owner, its board members, employees, consultants, and volunteers, the Architect, the Architect's consultants, and the agents and employees, successors and assigns of any of them (collectively, the "Indemnified Parties") from and against claims, damages, losses (including loss of use), and expenses, direct and indirect and consequential, including but not limited to costs, design professional and consultant fees, and attorneys' fees incurred on such claims and in proving the right to indemnification, arising out of or resulting from the performance of the Work or the acts or omissions of the Contractor, a Subcontractor of any tier, their agents and anyone directly or indirectly employed by any of them ("Indemnitor"), or anyone for whose acts they may be liable. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity that would otherwise exist as to a party or person described in this Section 3.18.

§ 3.18.1.1 The Contractor will fully defend and indemnify the Indemnified Parties for the sole negligence or willful misconduct of the Indemnitor.

§ 3.18.1.2 Where claims, damages, losses, or expenses arise from the concurrent negligence of (1) the Owner, and (2) the Indemnitor, the Contractor's obligations to indemnify and defend the Indemnified Parties under this Section 3.18 shall be effective only to the extent of the Indemnitors' negligence.

§ 3.18.1.3 The Contractor agrees to being added by the Owner or the Architect as a party to any litigation, mediation, or arbitration with third parties in which the Owner or Architect alleges indemnification or contribution from the Contractor, any of its Subcontractors of any tier, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable. The Contractor agrees that all of its Subcontractors of any tier will, in their subcontracts, similarly stipulate; in the event any does not, the Contractor shall be liable in place of such Subcontractors of any tier.

§ 3.18.1.4 To the extent that any portion of this Section 3.18 is stricken by a court or arbitrator for any reason, all remaining provisions shall retain their vitality and effect. The obligations of the Contractor under this Section 3.18 shall not be construed to negate, abridge, or otherwise reduce any other right or obligations of indemnity which would otherwise exist as to any party or person described in this Section 3.18. To the extent the wording of this Section 3.18 would reduce or eliminate an available insurance coverage, this Section 3.18 shall be considered modified to the extent that such insurance coverage is not affected. This Section 3.18 shall survive completion, acceptance, final payment and termination of the Contract.

§ 3.18.2 In claims against any person or entity indemnified under this Section 3.18 by an employee of the Contractor, a Subcontractor of any tier, anyone directly or indirectly employed by them, or anyone for whose acts they may be liable, the indemnification obligation under Section 3.18.1 shall not be limited by a limitation on amount or type of damages, compensation, or benefits payable by or for the Contractor or a Subcontractor of any tier under workers' compensation acts, disability benefit acts, or other employee benefit acts. After mutual negotiation of the parties, the Contractor waives immunity as to the Indemnified Parties under Title 51 RCW, "Industrial Insurance." IF THE CONTRACTOR DOES NOT AGREE WITH THIS WAIVER, IT MUST PROVIDE A WRITTEN NOTICE TO THE OWNER AT LEAST TEN (10) DAYS PRIOR TO THE DATE FOR THE RECEIPT OF BIDS, OR THE CONTRACTOR WILL BE DEEMED TO HAVE NEGOTIATED AND WAIVED THIS IMMUNITY.

ARTICLE 4 ARCHITECT

§ 4.1 General

§ 4.1.1 The Architect is the person or entity retained by the Owner pursuant to Section 2.3.2 and identified as such in the Agreement. The term "Architect" means the Architect or the Architect's authorized representative and does not include any employees of the Owner. The term "Architect" includes the Architect's consultants.

§ 4.1.2 Duties, responsibilities, and limitations of authority of the Architect as set forth in the Contract Documents shall not be restricted, modified, or extended without written consent of the Owner and Architect. Consent shall not be unreasonably withheld.

§ 4.2 Administration of the Contract

§ 4.2.1 The Architect will provide administration of the Contract as described in the Contract Documents and will be an Owner's representative, but not the Owner's agent, during construction until the date the Architect issues the final Certificate for Payment and from time to time during the one (1) year period for correction of Work. The Architect will have authority to act on behalf of the Owner only to the extent provided in the Contract Documents, unless otherwise modified in writing in accordance with other provisions of the Contract. The Architect is not the agent of the Owner and is not authorized to agree on behalf of the Owner to order changes in the GMP or Contract Time, nor to waive provisions of the Contract Documents, nor to direct the Contractor to take actions that change the Contract Sum or Contract Time, nor to accept notice or Claims on behalf of the Owner.

§ 4.2.2 The Construction Manager will coordinate with the Architect and its consultants in conducting regular site visits. The Architect will visit the site at intervals appropriate to the stage of construction, or as otherwise agreed with the Owner, to become generally familiar with and to keep the Owner reasonably informed about the progress and quality of the portion of the Work completed, and to determine in general if the Work observed is being performed in a manner indicating that the Work, when fully completed, will be in accordance with the Contract Documents. However, the Architect will not be required to make exhaustive or continuous on-site inspections to check the quality or quantity of the Work. Neither the Architect nor the Owner will have control over, charge of, or responsibility for the construction means, methods, techniques, sequences or procedures, or for the safety precautions and programs in connection with the Work, since these are solely the Contractor's rights and responsibilities under the Contract Documents. The presence of the Architect or the Owner at the site shall not in any manner be construed as assurance that the Work is being completed in compliance with the Contract Documents, including any safety requirements, nor as evidence that any requirement of the Contract Documents of any kind, including notice, has been met or waived. The Contractor shall reimburse the Owner for any amounts paid to the Architect for site visits made necessary by the fault of the Contractor or by defects and deficiencies in the Work.

§ 4.2.3 On the basis of the site visits, the Architect will keep the Owner reasonably informed about the progress and quality of the portion of the Work completed, and promptly report to the Owner (1) known deviations from the Contract Documents, (2) known deviations from the most recent construction schedule submitted by the Contractor, and (3) defects and deficiencies observed in the Work. Neither the Architect nor the Owner will be responsible for the Contractor's failure to perform the Work in accordance with the requirements of the Contract Documents. Neither the Architect nor the Owner will have control over or charge of, and will not be responsible for acts or omissions of, the Contractor, Subcontractors, or their agents or employees, or any other persons or entities performing portions of the Work. Neither the Architect nor the Owner will be responsible for defining the extent of any subcontract or dealing with disputes between the Contractor and its Subcontractors or other third parties.

§ 4.2.4 Communications

The Owner and Contractor shall endeavor to include the Architect in all communications that relate to or affect the Architect's services or professional responsibilities. The Owner shall endeavor to promptly notify the Architect of the substance of any direct communications between the Owner and the Contractor otherwise relating to the Project. The Contractor shall provide the Owner with a direct copy of all written communications to the Architect, including all transmittals, notices, requests, Claims, and potential changes in the Contract Sum or Contract Time but not including Shop Drawings, Product Data or Samples. Communications by and with the Architect's consultants shall be through the Architect. Communications by and with Subcontractors and suppliers shall be through the Contractor, ~~except to discuss Claims, potential disputes, and as otherwise provided in the Contract Documents.~~ Communications by and with Separate Contractors shall be through the Owner. The Contract Documents may specify other communication protocols.

§ 4.2.5 Based on the Architect's observations and evaluations of the Work and the Contractor's Applications for Payment, the Architect will make recommendations to and otherwise assist the Owner to determine the amounts due the Contractor and will issue Certificates for Payment in such amounts.

§ 4.2.6 Both the Architect and the Owner have authority to reject Work that does not conform to the Contract Documents. Whenever the Architect or the Owner considers it necessary or advisable, the Architect or the Owner will have authority to require inspection or testing of the Work in accordance with Sections 13.4.2 and 13.4.3, whether or not the Work is fabricated, installed or completed. However, neither this authority of the Architect or the Owner nor a decision made in good faith either to exercise or not to exercise such authority shall give rise to a duty or responsibility of the Architect or the Owner or their representatives to the Contractor, Subcontractors, suppliers, their agents or employees, or other persons or entities performing portions of the Work.

§ 4.2.7 The Architect will review and take other appropriate action upon the Contractor's submittals such as Shop Drawings, Product Data, and Samples, and other submittals required by the Contract Documents, but only for the limited purpose of checking for conformance with information given and the design concept expressed in the Contract Documents. The Architect's action will be taken with reasonable promptness in accordance with the submittal schedule approved by the Architect or, in the absence of an approved submittal schedule, with reasonable promptness while allowing sufficient time in the Architect's professional judgment to permit adequate review. Review of such submittals is not conducted for the purpose of determining the accuracy and completeness of other details such as dimensions and quantities, or for substantiating instructions for installation or performance of equipment or systems, all of which remain the responsibility of the Contractor as required by the Contract Documents. The Architect's review of the Contractor's submittals shall not relieve the Contractor of the obligations under Sections 3.3, 3.5, and 3.12. The Architect's review shall not constitute approval of safety precautions or of any construction means, methods, techniques, sequences, or procedures. The Architect's approval of a specific item shall not indicate approval of an assembly of which the item is a component. Regardless of how a submittal is marked, the Contractor should not presume that the Architect has reviewed a submittal in every aspect.

§ 4.2.8 The Architect or the Owner will prepare Change Orders and Construction Change Directives, and may order minor changes in the Work as provided in Section 7.4. The Architect will investigate and make determinations and recommendations regarding concealed and unknown conditions as provided in Section 3.7.4.

§ 4.2.9 The Architect will make observations, make recommendations and otherwise assist the Owner to determine the date or dates of Substantial Completion and the date of Final Completion; issue Certificates of Substantial Completion pursuant to Section 9.8; receive and forward to the Owner, for the Owner's review and records, written warranties and related documents required by the Contract and assembled by the Contractor pursuant to Section 9.10; and issue a final Certificate for Payment in accordance with the requirements of the Contract Documents and pursuant to Section 9.10.

§ 4.2.10 If the Owner and Architect agree, the Architect will provide one or more Project representatives to assist in carrying out the Architect's responsibilities at the site. [The Owner shall notify the Contractor of any change in the duties, responsibilities and limitations of authority of the Project representatives.](#)

§ 4.2.11 The Architect will interpret and decide matters concerning performance under, and requirements of, the Drawings and Specifications, and assist the Owner in the interpretation of all other Contract Documents on written request of either the Owner or Contractor. The Owner shall notify the Architect of the Owner's interpretation of other Contract Documents. The Architect's response to such requests will be made in writing, will be copied to the Owner, and will be made within any time limits agreed upon or otherwise with reasonable promptness. If no agreement is made concerning the time within which interpretations required of the Architect shall be furnished in compliance with this Section 4.2.11, then delay shall not be recognized on account of failure by the Architect to furnish such interpretations until fifteen (15) days after written request is made for them.

§ 4.2.12 Interpretations and decisions of the Architect will be consistent with the intent of, and reasonably inferable from, the Contract Documents and will be in writing or in the form of Drawings. When making such interpretations and initial decisions, the Architect will endeavor to secure faithful performance of the Contract by both Owner and Contractor, will not show partiality to either.

§ 4.2.13 The Architect's decisions on matters relating to aesthetic effect will be final if consistent with the intent expressed in the Contract Documents and agreeable to the Owner.

§ 4.2.14 The Architect will review and respond to requests for information about the Contract Documents. The Architect's response to such requests will be made in writing within any time limits agreed upon or otherwise with reasonable promptness. If appropriate, the Architect will prepare and issue supplemental Drawings and Specifications in response to the requests for information.

ARTICLE 5 SUBCONTRACTORS

§ 5.1 Definitions

§ 5.1.1 A "Subcontractor" is a person or entity who has a direct contract with the Contractor to perform a portion of the Work at the site or to supply materials or equipment. The term "Subcontractor" is referred to throughout the Contract Documents as if singular in number and means a Subcontractor or an authorized representative of the Subcontractor. The term "Subcontractor" does not include a Separate Contractor or the subcontractors of a Separate Contractor.

§ 5.1.2 A "Sub-subcontractor" or "lower-tier Subcontractor" is a person or entity who has a direct or indirect contract with a Subcontractor to perform a portion of the Work at the site or to supply materials or equipment. The term "Sub-subcontractor" is referred to throughout the Contract Documents as if singular in number and means a Sub-subcontractor or an authorized representative of the Sub-subcontractor.

§ 5.1.3 A "Subcontractor of any tier" is a Subcontractor or a lower-tier Subcontractor.

§ 5.1.4 The designation of terms in this article is not meant to change or alter the definitions contained in RCW 60.28, "Lien for Labor, Materials, Taxes on Public Works," RCW 39.12, "Prevailing Wages on Public Works," or other statutory definitions of a subcontractor for the purposes of such statutes.

§ 5.2 Award of Subcontracts and Other Contracts for Portions of the Work

§ 5.2.1 Unless otherwise stated in the Contract Documents, the Contractor, as soon as practicable after award of each Subcontractor bid package, and not later than seven (7) days after award, shall notify the Owner and Architect of the persons or entities proposed for each principal portion of the Work (i.e., at least five percent (5%) of the Contract Sum), including the names of those who are to furnish materials or equipment fabricated to a special design and the names of any suppliers of the principal items or systems of materials and equipment proposed for the Work. The Contractor shall organize this list of Subcontractors in the same sequence as the Index of Specification Sheets and state the Work category followed by the name of the Subcontractor and/or fabricator (or "Contractor" where the portion of the Work is by the Contractor's own forces). The list shall be accompanied by evidence of any qualifications required within the technical sections of the Contract Documents and satisfactory to the Architect and Owner. The list shall be updated promptly as part of the payment process if additional Subcontractors of any tier are engaged. If the Agreement is executed, no progress payment will become due until this information is so furnished. No action or inaction of the Owner or Architect in response to receipt of the names of the proposed Subcontractors of any tier shall constitute approval of any Subcontractor of any tier or of its performance. Within a reasonable time of receipt of the information, the Owner or the Architect may notify the Contractor whether the Owner or the Architect (1) has reasonable objection to any such proposed person or entity or (2) requires additional time for review. Failure of the Owner or the Architect to provide notice within a reasonable time shall constitute notice of no reasonable objection. ~~If the Owner makes a reasonable objection, the Contractor shall replace the Subcontractor with no increase to the GMP or Contract Time. Such a replacement shall not relieve the Contractor of its responsibility for the performance of the Work and compliance with all of the requirements of the Contract within the GMP and Contract Time.~~

§ 5.2.2 The Contractor shall not contract with a proposed person or entity to whom the Owner or Architect has made reasonable and timely objection. The Contractor shall not be required to contract with anyone to whom the Contractor has made reasonable and timely objection.

§ 5.2.3 If the Owner or Architect has reasonable objection to a person or entity proposed by the Contractor, the Contractor shall propose another to whom the Owner or Architect has no reasonable objection. If the proposed but rejected Subcontractor was qualified, "responsible" and reasonably capable of performing the Work, the GMP and Contract Time shall be increased or decreased by the difference, if any, occasioned by such change, and an appropriate Change Order shall be issued before commencement of the substitute Subcontractor's Work. However, no increase in the GMP or Contract Time shall be allowed for such change unless the Contractor has acted promptly and responsively in submitting qualified names as required.

§ 5.2.4 The Contractor shall not substitute a Subcontractor, person, or entity for one previously selected if the Owner or Architect makes reasonable objection to such substitution. If the Owner reasonably concludes that any portion of the Work subcontracted by the Contractor is not being performed in accordance with the Contract Documents, the Contractor shall, upon request of the Owner, remove the Subcontractor performing such Work. This removal shall not relieve the Contractor of its responsibility for the performance of the Work or compliance with all of the requirements of the Contract within the GMP and Contract Time, nor shall the Owner be obligated to so request.

§ 5.2.5 As used in this Section 5.2, “reasonable objection” shall include without limitation:

- .1 a proposed Subcontractor of any tier differing from the entity listed with the Bid,
- .2 lack of “responsibility” of the proposed Subcontractor, as defined in RCW 39.04, or lack of qualification or responsibility of the proposed Subcontractor as otherwise defined in or required by the Contract or
- .3 lack of qualification as required by the Specifications, ~~or~~
- ~~.4 material failure to perform satisfactorily (such as causing a material delay or submitting a Claim that the Owner considers inappropriate) on one or more projects for the Owner within five (5) years of the bid date.~~

§ 5.2.6 The Contractor shall perform with its own organization and under its immediate supervision a portion of the Work not including general conditions amounting to not less than the percentage (if any) of the total Contract Sum specified in the Contract Documents.

§ 5.2.7 The Contractor shall verify and confirm to the Owner in writing the responsibility of each first-tier Subcontractor. A Subcontractor of any tier that engages other Subcontractors must verify responsibility criteria for each of its lower-tier Subcontractors. Verification shall include that each Subcontractor, at the time of subcontract execution, meets the responsibility criteria specified in the Contract Documents.

§ 5.3 Subcontractual Relations

§ 5.3.1 By appropriate written agreement, the Contractor shall require each Subcontractor, to the extent of the Work to be performed by the Subcontractor, to be bound to the Contractor by terms of the Contract Documents, and to assume toward the Contractor all the obligations and responsibilities, including the responsibility for safety of the Subcontractor’s Work that the Contractor, by these Contract Documents, assumes toward the Owner and Architect. Each subcontract agreement shall preserve and protect the rights of the Owner and Architect under the Contract Documents with respect to the Work to be performed by the Subcontractor so that subcontracting thereof will not prejudice such rights, and shall allow to the Subcontractor, unless specifically provided otherwise in the subcontract agreement, the benefit of all rights, remedies, and redress against the Contractor that the Contractor, by the Contract Documents, has against the Owner. Where appropriate, the Contractor shall require each Subcontractor to enter into similar agreements with Sub-subcontractors. The Contractor shall make available to each proposed Subcontractor, prior to the execution of the subcontract agreement, copies of the Contract Documents to which the Subcontractor will be bound, and, upon written request of the Subcontractor, identify to the Subcontractor terms and conditions of the proposed subcontract agreement that may be at variance with the Contract Documents. Subcontractors will similarly make copies of applicable portions of such documents available to their respective proposed Sub-subcontractors. The Contractor shall provide to the Owner copies of the written agreements between the Contractor and any Subcontractor on request.

§ 5.3.2 The Contractor shall schedule, supervise and coordinate the operations of all Subcontractors of any tier, including any suppliers of early procurement items and any assigned Subcontractors. No subcontracting of any of the Work shall relieve the Contractor from its responsibility for the complete performance of the Work in accordance with the Contract Documents or from its responsibility for the performance of all obligations of the Contract Documents. The Contractor will be solely responsible for any scope gaps in its contracts with Subcontractors, including gaps that result from Subcontractor exclusions. The Contractor is responsible for the timely, accurate and appropriate Subcontractor coordination of the Work of lower tier Subcontractors in accordance with the overall Work, including communications, meetings, Drawings, Specifications, illustrations, and other necessary associated activities required for the successful coordination of all trades, schedules, materials and workmanship. The Owner shall provide to the Contractor copies of the written Owner-Supplier agreements to any

early procurement contracts and any agreements between the Owner, to the extent that such agreements are identified in the Contract Documents.

§ 5.3.3 The Contractor agrees to diligently, and using its best efforts, cause each Subcontractor of any tier to correct, at that Subcontractor's own expense, all Work performed by the Subcontractor of any tier that is defective in material or workmanship or otherwise fails to conform to the Contract Documents, including all necessary removal, replacement and/or repair of any other portion of the Project which may be damaged in removing, replacing or repairing any portion of the Project. If any Subcontractor of any tier defaults in its obligation promptly to correct any such deficiency, the Contractor shall be responsible for correcting the deficiency.

§ 5.3.4 The Contractor shall give, and shall cause its Subcontractors of any tier to give, all required notices and comply with all applicable health and safety laws, rules, regulations, codes and lawful orders of public authorities and of quasi-governmental authorities relating to the Work, including without limitation all OSHA and WISHA requirements, and the Contractor shall cause applicable Subcontractors of any tier to, indemnify, defend and hold harmless the Owner from and against any and all claims, liabilities, fines and attorneys' fees arising from any failure of the Contractor or a Subcontractor of any tier to have complied with any such requirements in any respect.

§ 5.4 Contingent Assignment of Subcontracts

§ 5.4.1 Each subcontract agreement for a portion of the Work is assigned by the Contractor to the Owner, provided that

- .1 assignment is effective only after termination of the Contract by the Owner pursuant to Sections 14.2 or 14.4 and only for those subcontract agreements that the Owner accepts by notifying the Subcontractor and Contractor; and
- .2 assignment is subject to the prior rights of the surety, if any, obligated under bond relating to the Contract.

When the Owner accepts the assignment of a subcontract agreement, the Owner assumes the Contractor's rights and obligations under the subcontract, but only for events and payment obligations that arise after the date of the assignment.

§ 5.4.2 Upon such assignment, if the Work has been suspended for more than sixty (60) days, the Subcontractor's compensation shall be equitably adjusted for increases in cost resulting from the suspension.

§ 5.4.3 Upon assignment to the Owner under this Section 5.4, the Owner may further assign the subcontract to a successor contractor or other entity.

ARTICLE 6 CONSTRUCTION BY OWNER OR BY SEPARATE CONTRACTORS

§ 6.1 Owner's Right to Perform Construction and to Award Separate Contracts

§ 6.1.1 The term "Separate Contractor(s)" shall mean other contractors retained by the Owner under separate agreements. The Owner reserves the right to perform construction or operations related to the Project with the Owner's own forces, and with Separate Contractors retained under Conditions of the Contract similar to those of this Contract, including those provisions of the Conditions of the Contract related to insurance and waiver of subrogation.

§ 6.1.2 When separate contracts are awarded for different portions of the Project or other construction or operations on the site, the term "Contractor" in the Contract Documents in each case shall mean the Contractor who executes each separate Owner-Contractor Agreement.

§ 6.1.3 The Owner shall provide for coordination of the activities of the Owner's own forces and of each Separate Contractor with the Work of the Contractor, who shall cooperate with them. The Contractor shall participate with any Separate Contractors and the Owner in reviewing and coordinating their construction schedules. The Contractor shall make any revisions to its construction schedule deemed necessary after a joint review and mutual agreement with the Owner. The construction schedules shall then constitute the schedules to be used by the Contractor, Separate Contractors, and the Owner until subsequently revised.

§ 6.1.4 Unless otherwise provided in the Contract Documents, when the Owner performs construction or operations related to the Project with the Owner's own forces or with Separate Contractors, the Owner or its Separate Contractors shall have the same obligations and rights that the Contractor has under the Conditions of the Contract, including, without excluding others, those stated in Article 3, this Article 6, and Articles 10, 11, and 12.

§ 6.2 Mutual Responsibility

§ 6.2.1 The Contractor shall afford the Owner and Separate Contractors reasonable opportunity for introduction and storage of their materials and equipment and performance of their activities, and shall connect and coordinate the Contractor's construction and operations with theirs as required by the Contract Documents. If the Contractor receives items from a separate contractor or from the Owner for storage, erection, or installation, the Contractor shall acknowledge receipt for items delivered, ~~and thereafter will be held responsible for the care, storage, and any necessary replacement of items received.~~

§ 6.2.2 If part of the Contractor's Work depends for proper execution or results upon construction or operations by the Owner or a Separate Contractor, the Contractor shall, prior to proceeding with that portion of the Work, promptly notify the Architect and the Owner of apparent discrepancies or defects in the construction or operations by the Owner or Separate Contractor that would render it unsuitable for proper execution and results of the Contractor's Work. Failure of the Contractor to notify the Architect of apparent discrepancies or defects prior to proceeding with the Work shall constitute an acknowledgment that the Owner's or Separate Contractor's completed or partially completed construction is fit and proper to receive the Contractor's Work. The Contractor shall not be responsible for discrepancies or defects in the construction or operations by the Owner or Separate Contractor that are not apparent.

§ 6.2.3 The Contractor shall reimburse and indemnify the Owner for costs the Owner incurs that are payable to a Separate Contractor because of the Contractor's delays, improperly timed activities or defective construction. The Owner shall be responsible to the Contractor for costs the Contractor incurs because of a Separate Contractor's delays, improperly timed activities, damage to the Work or defective construction of the Separate Contractor. If such a Separate Contractor sues or initiates any proceeding against the Owner on account of any damages or delays alleged to have been caused by the Contractor, the Owner shall notify the Contractor. The Contractor shall defend all such proceedings at its own expense, and shall defend, indemnify, and hold the Owner harmless from any damages awarded on such claims, including all attorneys' fees and other costs incurred by the Owner.

§ 6.2.4 The Contractor shall promptly remedy damage that the Contractor wrongfully causes to completed or partially completed construction or to property of the Owner or Separate Contractor as provided in Section 10.2.5.

§ 6.2.5 The Owner and each Separate Contractor shall have the same responsibilities for cutting and patching as are described for the Contractor in Section 3.14.

§ 6.2.6 Should the Contractor or any of its Subcontractors of any tier cause damage of any kind, including but not limited to delay, to any other contractor on the Project, the Contractor shall, upon due notice, promptly use its best efforts to settle with such other contractor by agreement or otherwise to resolve the dispute.

§ 6.3 Owner's Right to Clean Up

If a dispute arises among the Contractor, Separate Contractors, and the Owner as to the responsibility under their respective contracts for maintaining the premises and surrounding area free from waste materials and rubbish, the Owner may clean up and allocate the cost among those responsible.

ARTICLE 7 CHANGES IN THE WORK

§ 7.1 General

§ 7.1.1 Changes in the Work may be accomplished after execution of the Contract, and without invalidating the Contract, solely by Change Order (including Change Order proposals accepted in writing by the Owner and Contractor), Construction Change Directive or order for a minor change in the Work, subject to the limitations stated in this Article 7 and elsewhere in the Contract Documents.

§ 7.1.2 A Change Order shall be based upon agreement among the Owner, Contractor, and Architect. A Construction Change Directive requires agreement by the Owner and Architect and may or may not be agreed to by the Contractor. An order for a minor change in the Work may be issued by the Architect or the Owner alone.

§ 7.1.3 Changes in the Work shall be performed under applicable provisions of the Contract Documents. The Contractor shall proceed promptly with changes in the Work, unless otherwise provided in the Change Order, Construction Change Directive, or order for a minor change in the Work.

§ 7.1.4 Before effectuating a change in the Work or the Contract Documents, the Owner may request the Contractor through a Change Order proposal to propose the amount of change in the GMP, if any, and the extent of change in the Contract Time, if any, arising from the proposed change in the Work. The Contractor shall submit its responsive proposal as soon as possible and within fourteen (14) days if reasonably possible, and shall in good faith specify the components and amounts by which the GMP and/or Contract Time would change. Labor, materials and equipment shall be limited to and itemized in cost categories that comprise the Cost of the Work for the Contractor and major Subcontractors. ~~If the Contractor fails to respond within this time, the Owner may withhold some or all of a progress payment otherwise due until the tardy proposal is received.~~ If the Owner explicitly accepts the proposal in writing, the Owner and the Contractor will be immediately bound to the terms of the proposal, the change will be included promptly in a future Change Order, and the change in the Work described in the proposal shall commence expeditiously. The Owner may reject the proposal, in which case the Owner may either not effectuate the change in the Work or may order the change through a Construction Change Directive or supplemental instruction or an order for a minor change in the Work. ~~The Architect and the Owner may confer directly with Subcontractors of any tier concerning any item proposed to the Owner under this Article.~~

§ 7.1.5 If the Contractor adds a reservation of rights that has not been initialed by the Owner to any Change Order, Construction Change Directive, Change Order proposal, Application for Payment or any other document, all amounts and all work therein shall be considered disputed and not due or payable unless and until costs are re-negotiated or the reservation is withdrawn or changed in a manner satisfactory to and, in all cases, initialed by the Owner. If the Owner makes payment for a Change Order or an Application for Payment that contains a reservation of rights not initialed by the Owner to indicate agreement with the reservation, and if the Contractor negotiates the check for such payment, then the reservation of rights shall be deemed waived, withdrawn and of no effect.

§ 7.2 Change Orders

§ 7.2.1 A Change Order is a written instrument prepared by the Architect and signed by the Owner, Contractor, and Architect stating their agreement upon all of the following:

- .1 The change in the Work;
- .2 The amount of the adjustment, if any, in the GMP; and
- .3 The extent of the adjustment, if any, in the Contract Time.

§ 7.3 Construction Change Directives

§ 7.3.1 A Construction Change Directive is a written order prepared by the Architect and signed by the Owner and Architect, directing a change in the Work prior to agreement on adjustment, if any, in the GMP or Contract Time, or both. The Owner may by Construction Change Directive, without invalidating the Contract, order changes in the Work within the general scope of the Contract consisting of additions, deletions, or other revisions, the Contract Sum and Contract Time being adjusted accordingly. The Owner's use of a Construction Change Directive does not constitute the Owner's agreement that the directive constitutes a change in the Work, the GMP, or Contract Time.

§ 7.3.2 A Construction Change Directive shall be used in the absence of total agreement on the terms of a Change Order.

§ 7.3.3 If the Construction Change Directive provides for an adjustment to the GMP, the adjustment shall be based on one of the following methods or as mutually agreed by the Owner and Contractor:

- .1 Mutual acceptance of a lump sum properly itemized and supported by sufficient substantiating data to permit evaluation;
- .2 Unit prices stated in the Contract Documents or subsequently agreed upon;
- .3 Cost to be proposed by the Owner and determined in a manner agreed upon by the parties (with or without a cost limitation) and a mutually acceptable fixed or percentage fee; or

4 As provided in Section 7.3.4.

§ 7.3.4

§ 7.3.4.1 If the Contractor does not respond promptly or disagrees with the method for adjustment in the GMP, or if cost is to be determined under Section 7.3.3.3, the Contractor shall provide a not-to-exceed price for the Construction Change Directive Work within fourteen (14) days of receipt of the Construction Change Directive, and the Contractor shall keep and present, itemized in the cost categories that comprise the Cost of the Work and in such form as the Architect or Owner may prescribe, an itemized accounting together with appropriate supporting data. In order to facilitate checking of such quotations, all proposals, except those so minor that their propriety can be seen by inspection, shall be accompanied by complete itemization of costs, including labor, equipment, material and subcontract costs, which shall be itemized in the cost categories that comprise the Cost of the Work. Costs for layout and control, if needed, shall be approved by the Architect and reimbursed only for workers at foreman level and below when supported by actual cost and time records. When major cost items arise from Subcontractors of any tier, these items shall also be similarly itemized. Approval may not be given without such itemization. Failure to provide data within twenty-one (21) days of the Owner's request shall constitute waiver of any Claim for changes in the Contract Time or GMP. The total cost of any change, including a Claim under Article 15, shall be limited to the reasonable value, as determined by the Owner (subject to appeal through the dispute resolution procedure of Article 15), of the items in Section 7.5. Unless otherwise agreed in writing by the Owner, the cost shall not exceed the lower of the prevailing cost for the work in the locality of the Project or the cost of the work in the current edition of R.S. Means Company, Inc., Building Construction Cost Data as adjusted to local costs and conditions. The Architect and the Owner may communicate directly with Subcontractors of any tier concerning costs of any Work included in a Construction Change Directive.

§ 7.3.5 If the Contractor disagrees with the adjustment in the Contract Time, the adjustment or method shall be referred to the Architect for determination, and any adjustment shall be limited to the change in the actual critical path of the Contractor's construction schedule directly caused thereby. If the Contractor disagrees with the Architect's determination, the Contractor may make a Claim in accordance with applicable provisions of Article 15.

§ 7.3.6 Upon receipt of a Construction Change Directive, the Contractor shall promptly proceed with the change in the Work involved. As soon as possible, and within seven (7) days of receipt, the Contractor shall advise the Architect and the Owner in writing of the Contractor's agreement or disagreement with the proposed adjustment or the method, if any, provided in the Construction Change Directive for determining the proposed adjustment in the GMP or Contract Time. The Contractor's response shall reasonably specify the reasons for its disagreement and the adjustment or other terms that it proposes. Without such timely written response, the Contractor shall conclusively be deemed to have accepted the Owner's adjustment. The Contractor's disagreement shall not relieve the Contractor of its obligation to comply promptly with any written notice issued by the Owner or the Architect. The adjustment shall then be determined by the Architect in accordance with the provisions of the Contract Documents. The ultimate adjustment shall not exceed the larger amount submitted.

§ 7.3.7 A Construction Change Directive signed by the Contractor indicates the Contractor's agreement therewith, including any adjustment in GMP and Contract Time or the method for determining them. Such agreement shall be effective immediately and shall be incorporated into a Change Order.

§ 7.3.8 The amount of credit to be allowed by the Contractor to the Owner for a deletion or change that results in a net decrease in the GMP shall be the largest of (i) the reasonable and prevailing value of the deletion or change, (ii) the line item value in the Schedule of Values, or (iii) the actual net cost as confirmed by the Owner and the Architect. When both additions and credits covering related Work or substitutions are involved in a change, the allowance for overhead and profit shall be figured on the basis of net increase, if any, with respect to that change.

§ 7.3.9 Pending final determination of the total cost of a Construction Change Directive to the Owner, and provided that the Work to be performed under the Construction Change Directive is complete and any reservations of rights regarding the Construction Change Directive have been signed by the Owner, the Contractor may request payment for amounts not in dispute in Applications for Payment accompanied by a Change Order indicating the parties' agreement with such costs.

§ 7.3.10 When the Owner and Contractor agree with a determination made by the Architect concerning the adjustments in the GMP and Contract Time, or otherwise reach agreement upon the adjustments, such agreement

shall be effective immediately and will be recorded by preparation and execution of an appropriate Change Order. Change Orders may be issued for all or any part of a Construction Change Directive. In accordance with RCW 39.10.350(4), if the Owner and the Construction Manager agree, in writing, on a price for Changed Work, the Owner will issue a Change Order within thirty (30) days of the written agreement. Any adjustment in the Contract Time arising from a Change or a Claim shall be limited to the change in the actual critical path of the Contractor's construction schedule directly caused thereby.

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§ 7.4 Minor Changes in the Work

The Architect and the Owner have the authority to order minor changes in the Work (sometimes called a Design Clarification) that are consistent with the intent of the Contract Documents and do not involve an adjustment in the GMP or an extension of the Contract Time. The Architect's or the Owner's order for minor changes shall be in writing in the form of a written order such as a Design Clarification, Field Authorization, or an Architect's Supplemental Instruction. The Contractor shall carry out such written orders promptly. If the Contractor believes that the proposed minor change in the Work will affect the GMP or Contract Time, the Contractor shall notify the Owner and the Architect and shall submit a Change Order proposal for review and response by the Owner and the Architect, and, if the Contractor's disagrees with the Owner's and the Architect's response, the Contractor shall submit a Notice and Claim pursuant to Article 15. If the Contractor performs the Work set forth in the Architect's order for a minor change without prior notice to the Architect that such change will affect the GMP or Contract Time, the Contractor waives any adjustment to the GMP or extension of the Contract Time.

§ 7.5 PRICING COMPONENTS

§ 7.5 For the Contractor, the total cost of any Change in the Work or of any Claim for an increase or decrease in the GMP shall be limited to the sum of the Cost of the Work and the Fee defined in the Agreement. For subcontractors of any tier, the total cost of any Change in the Work or of any other increase or decrease in the GMP, including a Claim, shall be limited to the actual, reasonable following components.

§ 7.5.1 **Direct labor costs:** These are the actual labor costs determined by the number of additional craft hours and the hourly costs necessary to perform the change in the Work. The hourly cost shall be based upon the following:

- .1 **Basic wages and fringe benefits:** The hourly wage (without markup or labor burden) and fringe benefits paid by the Subcontractor as established by the Washington Department of Labor and Industries or contributed to labor trust funds as itemized fringe benefits, whichever is applicable, not to exceed that specified in the applicable "Intent to Pay Prevailing Wage" for the laborers, apprentices, journeymen, and foremen performing and/or directly supervising the Change in the Work on the site. The premium portion of overtime wages is not included unless pre-approved in writing by the Owner. Costs paid or incurred by the Subcontractor for vacations, per diem, subsistence, housing, travel, bonuses, stock options, or discretionary payments to employees are not separately reimbursable. The Subcontractor shall provide to the Owner copies of payroll records, including certified payroll statements, upon the Owner's request.
- .2 **Workers' insurances:** Direct contributions to the State of Washington as industrial insurance; medical aid; and supplemental pension by class and rates established by the Washington Department of Labor and Industries.
- .3 **Federal insurances:** Direct contributions required by the Federal Insurance Compensation Act (FICA); Federal Unemployment Tax Act (FUTA); and State Unemployment Compensation Act (SUCA).

§ 7.5.2 **Direct material costs:** This is an itemization, including material invoice, of the quantity and cost of additional materials reasonable and necessary to perform the change in the Work. The unit cost shall be based upon the net cost after all discounts or rebates, freight costs, express charges, or special delivery costs, when applicable. No lump sum costs will be allowed except when approved in advance by the Architect and the Owner.

§ 7.5.3 **Construction equipment usage costs:** This is an itemization of the actual length of time that construction equipment necessary and appropriate for the Work is used solely on the change at the site times the applicable rental cost as established by the lower of the local prevailing rate published in The Rental Rate Blue Book by Data Quest, San Jose, California, as modified by the AGC/WSDOT agreement, or the actual rate paid to an unrelated third party as evidenced by rental receipts. If more than one rate is applicable, the lowest available rate will be utilized. Rates and quantities of equipment rented that exceed the local fair market rental costs shall be subject to the Owner's prior written approval. Total rental charges for equipment or tools shall not exceed 75% of the fair market purchase value

of the equipment or the tool. Actual, reasonable mobilization costs are permitted if the equipment is brought to the site solely for the change in the Work. Mobilization and standby costs shall not be charged for equipment already present on the site.

The rates in effect at the time of the performance of the changed Work are the maximum rates allowable for equipment of modern design and in good working condition and include full compensation for furnishing all fuel, oil, lubrication, repairs, maintenance, and insurance. No gas surcharges shall be charged. Equipment not of modern design and/or not in good working condition will have lower rates. Hourly, weekly, and/or monthly rates, as appropriate, will be applied to yield the lowest total cost. The rate for equipment necessarily standing by for future use (and standing by for no longer than one (1) week) on the changed Work shall be 50% of the rate established above. The total cost of rental allowed shall not exceed the cost of purchasing the equipment outright. If equipment is required for which a rental rate is not established by The Rental Rate Blue Book, an agreed rental rate shall be established for the equipment, which rate and use must be approved by the Owner prior to performing the Work.

§ 7.5.4 Lower tier Subcontractor costs: These are payments the Subcontractor makes to lower tier Subcontractors for changed Work performed by such lower tier Subcontractors. The Subcontractors' cost of changed Work shall be determined in the same manner as prescribed in this Section 7.5 and, among other things, shall not include consultant costs, attorneys' fees, or Claim preparation expenses.

§ 7.5.5 Subcontractor's Fee: This is the allowance for all combined overhead, profit and other costs, including all office, home office and site overhead (including facilities, purchasing, clerical, project manager, field engineer, other engineers, project foreman, estimator, superintendent and their vehicles and clerical assistants), taxes (except for sales tax), employee per diem, subsistence and travel costs, warranty, safety costs, printing and copying, layout and control, quality control/assurance, purchasing, small or hand tool (a tool that costs \$500 or less and is normally furnished by the performing contractor) or expendable charges, preparation of as-built drawings, impact on unchanged Work, Change Order and Claim preparation, and delay and impact costs of any kind (cumulative, ripple, or otherwise), added to the total cost to the Owner of any Change Order, Construction Change Directive, Claim or any other claim of any kind on this Project. No Fee shall be due, however, for direct settlements of Subcontractor claims by the Owner after Substantial Completion. The Fee shall be limited in all cases to the following schedule:

- .1 The Subcontractor shall receive 10% of the cost of any materials supplied or work properly performed by the Subcontractor's own forces.
- .2 The Subcontractor shall receive 5% of the amount owed directly to a lower tier Subcontractor or supplier for materials supplied or work properly performed by that lower tier Subcontractor or Supplier.
- .3 Each lower tier Subcontractor shall receive 10% of the cost of any materials properly supplied or work performed by its own forces.
- .4 Each lower tier Subcontractor shall receive 5% of the amount it properly incurs for materials supplied or work performed by its suppliers or subcontractors of any lower tier.
- .5 The cost to which this Fee is to be applied shall be determined in accordance with Section 7.5.1-7.5.4. None of the fee percentages authorized in this Section 7.5.5 shall be compounded.
- .6 The total summed Fee of the Subcontractor and all lower tier Subcontractors and suppliers of any tier shall not exceed twenty percent (20%). If the Fee would otherwise exceed twenty percent (20%), the Subcontractor shall equitably reduce the Fee percentages for the Subcontractor and applicable lower tier Subcontractors.

If a change in the Work involves both additive and deductive items, the appropriate Fee allowed will be added to the net difference of the items. If the net difference is negative, no Fee will be added to the negative figure as a further deduction. The parties acknowledge that the fees listed in this Section 7.5.5 are substantially greater than the fees and overhead normally included in determining the GMP; that these higher percentages are a sufficient amount to compensate the Subcontractor for all effects and impacts of Changes in the Work; and that the resultant overcompensation of the Subcontractor for some Changes compensates the Subcontractor for any Changes for which the Subcontractor believes the percentage is otherwise insufficient.

§ 7.5.6 Cost of change in insurance or bond premium. This is defined as:

- .1 Subcontractors' liability insurance: The actual cost (expressed as a percentage submitted with the certificate of insurance provided under Section 11.1, and subject to audit) of any changes in the Subcontractor's liability insurance arising directly from the changed Work; and
- .2 Public works bond: The actual cost (expressed as a percentage submitted with evidence of bondability under Section 11.1, and subject to audit) of the change in the Subcontractor's premium for the Subcontractor's statutorily required performance and payment bond arising directly from the changed Work.

Upon request, the Subcontractor shall provide the Owner with supporting documentation from its insurer or surety of any associated cost incurred.

ARTICLE 8 TIME

§ 8.1 Definitions

§ 8.1.1 Unless otherwise provided, Contract Time is the period of time, including authorized adjustments, allotted in the Contract Documents for Substantial Completion of the Work.

§ 8.1.2 The date of commencement of the Work is the date established by the Owner in a Notice to Proceed, which may not be issued until the Contractor has complied with the terms of the Owner's notice of award of the Contract. The Contractor shall anticipate a delay of up to sixty (60) days from any Notice to Proceed for plan review by the applicable jurisdictions. No extension of the Contract Time will be allowed for this period. Separate notices to proceed may be given for different phases of the Work. Work on the site may begin when applicable permits have been issued and the Contractor complies with the requirements of the Notice to Proceed and submits the bonds, certificates of insurance, and other documents required by the Contract Documents.

§ 8.1.3 The date of Substantial Completion (or a designated portion thereof) is the date certified by the Architect in accordance with Section 9.8.

§ 8.1.4 The term "day" as used in the Contract Documents shall mean calendar day unless otherwise specifically defined.

§ 8.2 Progress and Completion

§ 8.2.1 Time limits stated in the Contract Documents, including any specific phases established in the Contract Documents, are of the essence of the Contract. By executing the Agreement and the GMP Amendment, the Contractor confirms that the Contract Time is a reasonable period for performing the Work.

§ 8.2.2 The Contractor shall not knowingly, except by agreement or instruction of the Owner in writing, commence the Work prior to the effective date of insurance required to be furnished by the Contractor and Owner.

§ 8.2.3 The Contractor shall proceed expeditiously with adequate forces and shall timely achieve all phasing milestones, shall achieve Substantial Completion and Final Completion within the Contract Time.

§ 8.2.4 THE TIMELY COMPLETION OF EACH PHASE AND OF THE OVERALL PROJECT IS ESSENTIAL TO THE OWNER. The Owner will incur serious and substantial damages if Substantial Completion of the Work does not occur within the Contract Time; however, it would be difficult if not impossible to determine the amount of such damages, which could include, for example, personnel and overtime costs, transportation costs, governmental fees, storage costs, portable rental costs, loss of use, and lost opportunities. Consequently, provisions for liquidated damages as a reasonable estimate of loss are included in the Contract Documents for both Substantial Completion and Final Completion and may be identified in the GMP Amendment. The Owner's right to liquidated damages is not affected by partial completion, occupancy, or beneficial occupancy. The Contractor shall furnish sufficient forces, construction plant and equipment, and shall work such hours, including night shifts, overtime operations and weekend and holiday work as may be necessary to ensure completion of the Work within the Contract Time and the approved Contractor's construction schedule. If the Contractor fails substantially to perform in a timely manner in accordance with the Contract Documents and, through the fault of the Contractor or Subcontractor(s) of any tier, fails to meet the Contractor's construction schedule, the Contractor shall take such steps as may be necessary to

immediately improve its progress by increasing the number of workers, shifts, overtime operations or days of work or other means and methods, all without additional cost to the Owner.

§ 8.2.5 Any provisions in the Contract for liquidated damages shall not relieve or release the Contractor from liability for any and all damages suffered by the Owner due to other breaches of the Contract or suffered by separate contractors.

§ 8.2.6 It is the Contractor's option, but not its right, to attempt to complete the Project earlier than the date(s) specified in the Contract Documents. Accordingly, any Claim based on delay shall be evaluated based on the dates specified in the Contract Documents, not an earlier projected completion date that the Contractor may propose.

§ 8.3 Delays and Extensions of Time

§ 8.3.1 If the Contractor is delayed at any time in the commencement or progress of the Work by (1) an act or neglect of the Owner or Architect, of an employee of either, or of a Separate Contractor; (2) by changes ordered in the Work, only to the extent reflected in approved Change Orders providing for specific extensions of the Contract Time; (3) by fire, unusual and unanticipated governmental delays, unavoidable casualties, unanticipated, severe adverse weather conditions documented in accordance with Section 15.1.6.2; (4) by delay authorized by the Owner pending mediation and binding dispute resolution; (5) by epidemic or pandemic (including, but not limited to, unanticipated future COVID-19 impacts unexpected as of the date of this Agreement); or (6) by other causes that the Contractor asserts, and the Architect or the Owner determines, justify delay, then the Contract Time shall be extended for such reasonable time, limited to the change in the actual critical path of the Contractor's construction schedule directly caused thereby, as the Architect and the Owner may determine consistent with the provisions of the Contract Documents. In no event, however, shall the Contractor be entitled to any extension of time absent proof of (1) delay to an activity on the critical path of the construction schedule, so as to actually delay the Project completion beyond the date of Substantial Completion, or (2) delay transforming an activity into the critical path of the construction schedule, so as to actually delay the Project completion beyond the date of Substantial Completion. In addition, the Contractor (including Subcontractors and Sub-Subcontractors) will not be entitled to an extension of the Contract Time, an increase in the GMP, or damages for delay, for any actual or alleged impacts related to COVID-19 that are known or expected as of the date of execution of the GMP Amendment.

§ 8.3.2 Claims relating to time shall be made in accordance with applicable provisions of Article 15. Such claims shall include any proposed changes in the Contractor's construction schedule or the Contract Time, a description of any event that could delay performance or supplying of any item of the Work, the expected duration of the delay, the anticipated effect of the delay on the Contractor's construction schedule, and the action being taken to correct the delay situation. That the Owner or Architect may be aware of the occurrence or existence of a delay through means other than the Contractor's written notification shall not constitute a waiver of a timely or written notice or Claim.

§ 8.3.3 This Section 8.3 does not preclude recovery of damages for delay by either party under other provisions of the Contract Documents.

- .1 If the delay was not caused by the Owner, the Contractor, a Subcontractor of any tier, or the Architect, or anyone acting on behalf of any of them, the Contractor is entitled only to an increase in the Contract Time in accordance with the Contract Documents but not an increase in the GMP. If the delay was caused by the Contractor, a Subcontractor of any tier, or anyone acting on behalf of any of them, the Contractor is not entitled to an increase in the Contract Time or in the GMP. The Contractor shall be entitled to a change in the GMP only if the delay was caused by the Owner or the Architect, or anyone acting on behalf of them. The Contractor shall not recover damages, an equitable adjustment or an increase in the GMP or Contract Time from the Owner where the Contractor could have reasonably avoided the delay by the exercise of due diligence. The Contractor shall be able to recover an increase in the GMP, provided it is consistent with the terms of the Contract Documents, only if the delay was in the critical path, was unreasonable and was caused by the Owner or anyone acting on its behalf as permitted under the Contract Documents. The Owner is not obligated directly or indirectly for damages, an equitable adjustment, or an increase in the GMP for any delay suffered by a Subcontractor of any tier that does not increase the Contract Time.

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- .2 In the event the Contractor (including any Subcontractors of any tier) is held to be entitled to damages from the Owner for delay beyond the payment permitted in Section 7.5.5, it is agreed that the total combined damages to the Contractor and any Subcontractors of any tier for each day of delay shall be limited to the same daily liquidated damage rate specified in the Contract Documents due the Owner for the Contractor's delay in achieving Substantial Completion. By submitting its bid on the Work, the Contractor represents that it would be difficult if not impossible to determine the amount of any delay damages due it, that it has taken this provision for liquidated damages into consideration in its bid, and that these liquidated damages are a reasonable estimate of its loss. No damages will be allowed for any time prior to fourteen (14) days before receipt of written notice of the Claim of the delay pursuant to Article 15.
 - .3 The Contractor shall not in any event be entitled to damages arising out of actual or alleged loss of efficiency; morale, fatigue, attitude, or labor rhythm; constructive acceleration; home office overhead; expectant underrun; trade stacking; reassignment of workers; rescheduling of Work, concurrent operations; dilution of supervision; learning curve; beneficial or joint occupancy; logistics; ripple; season change; extended or increased overhead or general conditions; profit upon damages for delay; impact damages including cumulative impacts; or similar damages. Any effect that such alleged costs may have upon the Contractor or its Subcontractors of any tier is fully compensated through the percentage Fee on Change Orders paid through Section 7.5.5 and any liquidated damages paid hereunder.

ARTICLE 9 PAYMENTS AND COMPLETION

§ 9.1 Contract Sum

§ 9.1.1 The Contract Sum is stated in the Agreement and, including authorized adjustments, is the total amount payable by the Owner to the Contractor for performance of the Work under the Contract Documents.

§ 9.1.2 If unit prices are stated in the Contract Documents or subsequently agreed upon, and if quantities originally contemplated are materially changed (e.g., more than fifty percent) so that application of such unit prices to the actual quantities causes substantial inequity to the Owner or Contractor, the applicable unit prices but not the Contract Time or any other portion of the Contract Sum shall be equitably adjusted.

§ 9.2 Schedule of Values

Where the Contract is based on a stipulated sum or Guaranteed Maximum Price, the Contractor shall submit a schedule of values to the Owner and the Architect at least fourteen (14) days before the first Application for Payment, allocating the entire Contract Sum to the various portions of the Work. The schedule of values shall be prepared in the form, and supported by the data to substantiate its accuracy, required by the Owner and the Architect (the "Schedule of Values"). ~~At a minimum, the Work shall be itemized by Specification section or system; separate values for labor, materials and equipment shall be provided; and line items on the Schedule of Values shall be tied to the Contractor's construction schedule. Quantities shall be provided for each section or system of the Work. If an example of the Schedule of Values is included in the Contract Documents, the Contractor shall itemize and prepare the Schedule of Values as indicated by the example with respect to form, content, and level of detail. Unless otherwise approved, the schedule of values shall be organized to reflect the Contractor's bid packages.~~ This schedule, unless objected to by the Architect or the Owner, shall be used as a basis for reviewing the Contractor's Applications for Payment. Any changes to the schedule of values shall be submitted to the Architect and the Owner and supported by such data to substantiate its accuracy as the Architect and the Owner may require, and unless objected to by the Architect or the Owner, shall be used as a basis for reviewing the Contractor's subsequent Applications for Payment.

- .1 Mobilization shall be a maximum of one-half of one percent (0.5%) of the GMP, and shall be paid only if supported by an itemized breakdown of costs acceptable to the Owner.
- .2 The Schedule of Values shall allocate at least one percent (1%) of the MC/CM GMP to Commissioning support, as defined in the Contract Documents, which the Contractor shall allocate to those Subcontractors participating in Commissioning.
- ~~.3 The Schedule of Values shall allocate at least at least one-half of one percent (.5%) of the GMP for scheduling as required by Section 3.10.1.15 of these General Conditions.~~

- ~~4~~ The Schedule of Values shall allocate at least at least one-half of one percent (.5%) of GMP for maintenance of as-built drawings as required by Section 3.11.2 of these General Conditions.
- 5 Payment applicable to the expenses of Contractor's bond and/or builder's risk insurance will be made only upon receipt of paid invoice from surety and/or insurance carrier.
- 64 No payment will be made for shop drawings or submittals until on-site receipt of materials, except partial payment may be made for structural steel, fire sprinkler, automatic temperature control, and fire alarm shop drawings after they have been reviewed and accepted by the Architect.
- ~~7~~ The Schedule of Values shall also allocate at least four percent (4%) of the GMP as a separate line item for that portion of the Work between Substantial Completion and Final Completion, which shall be allocated as follows: half shall be allocated for punch list Work; one-quarter shall be allocated for the Contractor's provision of final approved as-built drawings and operations and maintenance data as defined in the Contract Documents; and one-quarter shall be allocated for completion of all other requirements for Final Completion and final payment. The line item shall be entitled "Final Documentation and Punch List Completion" and will be earned and paid as a part of the final payment. This percentage is not the statutory retainage described in Section 9.3.4 or any other retainage but rather requires the Contractor to recognize that the Contractor and its Subcontractors will expend significant costs in advancing the Work from Substantial Completion to Final Completion, and that this amount is not earned until Final Completion of the Work is accomplished. The Owner may, at its sole discretion, release portions of this amount progressively as items are completed and upon reasonable terms.

§ 9.3 Applications for Payment

§ 9.3.1 The Contractor shall submit to the Architect itemized Applications for Payment prepared in accordance with the schedule of values and the requirements of this Section for completed portions of the Work. Applications for Payment shall be notarized, if required, and supported by all data substantiating the Contractor's right to payment that the Owner or Architect require, such as copies of requisitions, and releases and waivers of liens from Subcontractors and suppliers, and shall reflect retainage if provided for in the Contract Documents. The Owner will make progress payments monthly for Work duly certified, approved, and performed during the calendar month preceding the Application for Payment. These amounts are paid in trust to the Contractor for distribution to Subcontractors to the extent and in accordance with the approved Application for Payment.

§ 9.3.1.1 **Draft Application.** By the twenty-fifth (25th) calendar day of each month, the Contractor shall submit to the Architect a report on the current progress of the Work as compared to the Contractor's construction schedule, an updated construction schedule, updated as-built drawings, and a draft, itemized Application for Payment for Work performed during that calendar month on a form supplied or approved by the Owner. This shall not constitute a payment request. The Contractor, the Owner, and the Architect shall meet within the next five (5) days and confer regarding the current progress of the Work and the amount of payment to which the Contractor is entitled. The Architect or the Owner may request the Contractor to provide data substantiating the Contractor's right to payment as the Owner or Architect may require, such as copies of requisitions from Subcontractors of any tier, lien releases, and certified payroll records (if requested by the Owner), and reflecting retainage as provided elsewhere in the Contract Documents. The Contractor shall not be entitled to make a payment request, nor is any payment due the Contractor, until such data is furnished. As provided in Section 7.3.9, such applications may, if payment is approved by the Owner and the Architect, include requests for payment of undisputed amounts on account of changes in the Work that have been properly authorized by Construction Change Directives and subsequently memorialized by Change Order, or by interim determinations of the Owner and the Architect.

§ 9.3.1.2 **Payment Request.** After the Contractor, the Owner, and the Architect have met and conferred regarding the updated draft Application, and the Contractor has furnished all progress information required and all data requested by the Owner or Architect under Section 9.3.1.1 above, and after the Contractor has provided the Owner and Architect with current meeting minutes, daily reports, as-built drawings, commissioning logs (if requested), and an updated construction schedule, the Contractor may submit a payment request no earlier than the first (1st) day of the following month in the agreed-upon amount, in the form of a notarized, itemized Application for Payment for Work properly performed during the prior calendar month on a form furnished or approved by the Owner. The Contractor shall also submit a lien release on a form furnished or approved by the Owner from each Subcontractor for whose Work the Owner paid the Contractor for the prior month. The Application shall also state that prevailing wages have been paid in accordance with the pre-filed statements of intent to pay prevailing wages on file with the Owner and

that all payments due Subcontractors of any tier from the Owner's payment the prior month have been made. THE SUBMISSION OF THIS APPLICATION CONSTITUTES A CERTIFICATION BY THE CONTRACTOR THAT THE WORK IS CURRENT ON THE CONTRACTOR'S CONSTRUCTION SCHEDULE, unless otherwise noted on the Application. If required by the Owner, the Contractor shall submit proof of payment to Subcontractors for prior months, such as lien releases ~~or cancelled checks~~. Applications for Payment shall not include requests for payment for portions of the Work for which the Contractor does not intend to pay a Subcontractor or supplier, unless such Work has been self-performed by the Contractor or performed by others whom the Contractor intends to pay. A payment request shall not be valid unless it complies with the requirements of the Contract Documents.

§ 9.3.1.3 Disputed Amounts. If the Contractor believes it is entitled to payment for Work performed during the prior calendar month in addition to the agreed-upon amount, the Contractor may, also by the first (1st) day of the month, submit to the Owner and the Architect along with the approved payment request a separate written payment request specifying the exact additional amount requested, the category in the Schedule of Values in which the payment is requested, the specific Work for which the additional amount is due, and why the additional payment is due. Furthermore, for the submittal to be considered, the Contractor and all Subcontractors shall file with the Owner by the same date certified copies of all payroll records pursuant to WAC 296-127-3120 relating to the additional amount claimed to be due.

§ 9.3.1.4 Validity of Payment Requests. A payment request shall not be valid unless it complies with the requirements of the Contract Documents. If a separate payment request concerning a disputed amount does not comply with the requirements of the Contract, the Owner will provide a written statement to the Contractor.

§ 9.3.1.5 Payments to Subcontractors. No payment request shall include amounts the Contractor does not intend to pay to a Subcontractor because of a dispute or other reason. If, after making a request for payment but before paying a Subcontractor for its performance covered by the payment request, the Contractor discovers that part or all of the payment otherwise due to the Subcontractor is subject to withholding from the Subcontractor under the subcontract (such as for unsatisfactory performance or non-payment of lower tier Subcontractors), the Contractor may withhold the amount as allowed under the subcontract, but it shall give the Subcontractor, the Owner, and the Architect written notice of the remedial actions that must be taken as soon as practicable after determining the cause for the withholding but before the due date for the Subcontractor payment, and pay the Subcontractor within seven (7) days after the Subcontractor satisfactorily completes the remedial action identified in the notice.

§ 9.3.2 Unless otherwise provided in the Contract Documents, payments shall be made on account of Project-specific materials and equipment delivered and suitably stored at the site for subsequent incorporation in the Work. If approved in advance and in writing by the Owner, payment may similarly be made for materials and equipment suitably stored off the site at a location agreed upon in writing. Payment for materials and equipment stored on or off the site shall be conditioned upon compliance by the Contractor with procedures satisfactory to the Owner to establish the Owner's title to such materials and equipment or otherwise protect the Owner's interest, and shall include the costs of applicable insurance, storage, and transportation to the site, for such materials and equipment stored off the site.

§ 9.3.3 The Contractor warrants that title to all Work covered by an Application for Payment will pass to the Owner no later than the time of payment. The Contractor further warrants that upon submittal of an Application for Payment all Work for which payments have been received from the Owner shall, to the best of the Contractor's knowledge, information, and belief, be free and clear of liens, claims, security interests, or encumbrances, in favor of the Contractor, Subcontractors, suppliers, or other persons or entities that provided labor, materials, and equipment relating to the Work.

§ 9.3.4 Retainage.

§ 9.3.4.1 In accordance with RCW 60.28, a sum equal to five percent (5%) of each approved Application for Payment shall be retained. After award of a Contract for public improvements, or work for which retained percentages are required to be reserved under the provision of RCW 60.28, the Owner shall require the Contractor to exercise, in writing, one of the options listed below:

- .1 Retained percentages will be retained in a fund by the Owner not subject to release until sixty (60) days following the Final Acceptance of the Work as completed; or

- .2 Deposited by the Owner in an interest-bearing account in a bank, mutual savings bank or savings and loan association and not subject to release until sixty (60) days following Final Acceptance of the Work as completed; or
- .3 Placed in escrow with a bank or trust company and not subject to release until sixty (60) days following the Final Acceptance of the Work as completed.
- .4 If the Contractor provides a bond in place of retainage, it shall be in an amount equal to 5% of the GMP plus Change Orders. The minimum requirements for the bond are that it must be on a form acceptable to the Owner, with an A.M. Best rating of "A" or better and a financial rating of no less than "VIII," and be signed by a surety registered by the Washington State Insurance Commissioner and on the currently authorized insurance list published by the Washington State Insurance Commissioner; additional requirements as established by the Owner may be applied.

§ 9.3.4.2 The Contractor or a Subcontractor may withhold payment of not more than five percent (5%) as retainage from the monies earned by any Subcontractor or Sub-subcontractor, provided that the Contractor pays interest to the Subcontractor at the same interest rate it receives from its reserved funds. If requested by the Owner, the Contractor shall specify the amount of retainage and interest due a Subcontractor.

§ 9.4 Certificates for Payment

§ 9.4.1 The Architect will, within seven (7) days after receipt of the Contractor's approved Application for Payment, either (1) issue to the Owner a Certificate for Payment in the full amount of the Application for Payment, with a copy to the Contractor; or (2) issue to the Owner a Certificate for Payment for such amount as the Architect determines is properly due, and notify the Contractor and Owner of the Architect's reasons for withholding certification in part as provided in Section 9.5.1; or (3) withhold certification of the entire Application for Payment, and notify the Contractor and Owner of the Architect's reason for withholding certification in whole as provided in Section 9.5.1.

§ 9.4.2 The issuance of a Certificate for Payment will constitute a representation by the Architect to the Owner, based on the Architect's evaluation of the Work and the data in the Application for Payment, that, to the best of the Architect's knowledge, information, and belief, the Work has progressed to the point indicated, the quality of the Work is in accordance with the Contract Documents, and that the Contractor is entitled to payment in the amount certified. The foregoing representations are subject to an evaluation of the Work for conformance with the Contract Documents upon Substantial Completion and Final Completion, to results of subsequent tests and inspections, to correction of minor deviations from the Contract Documents prior to completion, and to specific qualifications expressed by the Architect. However, the issuance of a Certificate for Payment will not be a representation that the Architect has (1) made exhaustive or continuous on-site inspections to check the quality or quantity of the Work; (2) reviewed construction means, methods, techniques, sequences, or procedures; (3) reviewed copies of requisitions received from Subcontractors and suppliers and other data requested by the Owner to substantiate the Contractor's right to payment; or (4) made examination to ascertain how or for what purpose the Contractor has used money previously paid on account of the Contract Sum.

§ 9.5 Decisions to Withhold Certification

§ 9.5.1 The Architect may withhold a Certificate for Payment in whole or in part, to the extent reasonably necessary to protect the Owner, if in the Architect's opinion the representations to the Owner required by Section 9.4.2 cannot be made. If the Architect is unable to certify payment in the amount of the Application, the Architect will notify the Contractor and Owner as provided in Section 9.4.1. If the Contractor and Architect cannot agree on a revised amount, the Architect will promptly issue a Certificate for Payment for the amount for which the Architect is able to make such representations to the Owner. The Owner may, with or without the Architect's concurrence, withhold payment, and the Architect may also withhold a Certificate for Payment or, because of subsequently discovered evidence or subsequent observations, may nullify the whole or a part of a Certificate for Payment previously issued, to such extent as may be necessary in the Architect's opinion to protect the Owner from loss for which the Contractor is responsible, including loss resulting from acts and omissions described in Section 3.3.2, because of

- .1 defective Work not remedied;
- .2 third party claims (except where an insurer has unconditionally accepted coverage) filed or reasonable evidence indicating probable filing of such claims, unless security acceptable to the Owner is provided by the Contractor;

- .3 failure of the Contractor to make payments properly to Subcontractors or suppliers for labor, materials or equipment;
- .4 reasonable evidence that the Work cannot be completed for the unpaid balance of the GMP;
- .5 damage to the Owner or a Separate Contractor (except where an insurer has unconditionally accepted coverage);
- .6 reasonable evidence that the Work will not be completed within the Contract Time, and that the unpaid balance would not be adequate to cover actual or liquidated damages for the anticipated delay;
- .7 unsatisfactory prosecution of the Work by the Contractor, including but not limited to repeated or material failure to carry out the Work in accordance with the Contract Documents;
- .8 delay by the Contractor and/or its Subcontractor(s) of any tier, or failure to comply with the Contractor's construction schedule requirements, or the imposition of liquidated damages;
- .9 failure to submit affidavits pertaining to wages paid as required by statute;
- .10 failure to submit a properly updated construction schedule;
- .11 failure to comply with a requirement of the Contract Documents in which the Owner has reserved the right to withhold payment;
- .12 liquidated damages;
- .13 failure to properly maintain as-builts
- .14 failure to properly submit daily construction records;
- .15 failure to properly submit certified payrolls; or
- .16 failure to properly submit any other documents required of the Contractor under the Contract Documents.

§ 9.5.2 When either party disputes the Architect's decision regarding a Certificate for Payment under Section 9.5.1, in whole or in part, that party may submit a Claim in accordance with Article 15.

§ 9.5.3 When the reasons for withholding certification are removed, certification will be made for amounts previously withheld.

§ 9.5.4 ~~The~~If the Architect withholds certification for payment under Section 9.5.1.3, the Owner may, at its sole option, issue joint checks to the Contractor and to any Subcontractor or supplier to whom the Contractor failed to make payment for Work properly performed or material or equipment suitably delivered. If the Owner makes payments by joint check, the Owner shall notify the Architect and the Contractor shall reflect such payment on its next Application for Payment.

§ 9.5.5 Pursuant to RCW 39.12, "Prevailing Wages on Public Works," the Contractor will not receive any payment until the Contractor and all Subcontractors of any tier for whom payment is sought have submitted state-approved "Statements of Intent to Pay Prevailing Wage" to the Owner. The statement must have the approval of the Industrial Statistician of the Department of Labor and Industries before it is submitted to the Owner. The statement must include the Contractor's registration number, the number of workers in each trade classification, and the applicable wage rate for each trade listed. The Contractor agrees to provide each Subcontractor of any tier with a schedule of applicable prevailing wage rates. The Contractor and the respective Subcontractors of any tier shall pay all fees required by the Department of Labor and Industries, including fees for the approval of the "Statement of Intent to Pay Prevailing Wages." Approved copies of the "Statement of Intent to Pay Prevailing Wages" must be posted where workers can easily read them.

§ 9.6 Progress Payments

§ 9.6.1 After the Architect has issued a Certificate for Payment and the Certificate of Payment has been approved by the Owner, the Owner shall make payment in the manner and within the time provided in the Contract Documents. The Owner will make progress payments within thirty (30) days of receipt and approval of the Architect's Certificate for Payment. The Owner shall be entitled to withhold payment to the extent provided by the Contract Documents, notwithstanding the issuance of a Certificate for Payment.

§ 9.6.2 The Contractor shall pay each Subcontractor promptly, and no later than ~~seventen~~ (710) days after receipt of payment from the Owner, out of the amount paid to the Contractor on account of such Subcontractor's portion of the Work, the amount to which the Subcontractor is entitled, reflecting percentages actually retained from payments

to the Contractor on account of the Subcontractor's portion of the Work. The Contractor shall, by appropriate agreement with each Subcontractor, require each Subcontractor to make payments to Sub-subcontractors in a similar manner. If the Contractor does not receive payment for any cause that is not the fault of a particular Subcontractor but does receive payment for materials supplied or Work performed by that Subcontractor, the Contractor shall pay that Subcontractor in accordance with its subcontract for its satisfactorily completed Work, less the retained percentage.

§ 9.6.3 The Architect will, on request, furnish to a Subcontractor, if practicable, information regarding percentages of completion or amounts applied for by the Contractor and action taken thereon by the Architect and Owner on account of portions of the Work done by such Subcontractor.

§ 9.6.4 Immediately upon receipt of each progress payment and upon receipt of final payment, the Contractor shall provide Owner with a written statement, under oath, certifying that the Contractor has properly and fully paid Subcontractors and suppliers the sums due and owing the Subcontractors as evidenced by the Application for Payment, together with a lien waiver from Contractor and all such Subcontractors. The Owner shall at any time have the right to contact Subcontractors and suppliers to ascertain whether they have been properly paid. Neither the Owner nor Architect shall have an obligation to pay, or to see to the payment of money to, a Subcontractor or supplier, except as may otherwise be required by law. The Owner shall have the right to withhold payment on any Application for Payment due to the Contractor's failure to comply with this Section 9.6.4.

§ 9.6.5 The Contractor's payments to suppliers shall be treated in a manner similar to that provided in Sections 9.6.2, 9.6.3 and 9.6.4.

§ 9.6.6 A Certificate for Payment, a progress payment, or partial or entire use or occupancy of the Project by the Owner shall not constitute acceptance of Work.

§ 9.6.7 Unless the Contractor provides the Owner with a payment bond in the full penal sum of the Contract Sum, payments received by the Contractor for Work properly performed by Subcontractors or provided by suppliers shall be held by the Contractor for those Subcontractors or suppliers who performed Work or furnished materials, or both, under contract with the Contractor for which payment was made by the Owner. Nothing contained herein shall require money to be placed in a separate account and not commingled with money of the Contractor, create any fiduciary liability or tort liability on the part of the Contractor for breach of trust, or entitle any person or entity to an award of punitive damages against the Contractor for breach of the requirements of this provision.

§ 9.6.8 **Liens.** Except to the extent a lien has been filed because of the failure of the Owner to make a contractually required payment of undisputed amounts, the Contractor shall defend, indemnify, and hold harmless the Owner from all liens, including all losses, liability, damages or expenses, including Architect costs and reasonable attorney's fees and litigation expenses, arising out of any lien claim or other claim for payment by any Subcontractor or supplier of any tier or other person properly furnishing labor, equipment, materials or other items in connection with the performance of the Work. Upon receipt of notice of a lien claim or other claim for payment, the Owner shall notify the Contractor. The Contractor shall promptly pay (and secure the discharge of any liens asserted by) all persons properly furnishing labor, equipment, materials or other items in connection with the performance of the Work (including, but not limited to, any Subcontractors of any tier) to the extent that the Owner has paid the Contractor for such. The Contractor shall furnish to the Owner such releases of liens and Claims and other documents monthly with its Application for Payment to evidence such payment (and discharge). The Owner may, at its option, withhold payment, in whole or in part, to the Contractor until such documents are furnished. If approved by the Owner, the Contractor may substitute other security acceptable to the Owner, such as a surety bond, for the property against which the lien or other claim for payment has been asserted in lieu of paying disputed liens or Claims.

§ 9.7 Failure of Payment

If the Architect improperly fails to issue a Certificate for Payment, through no fault of the Contractor, within fifteen (15) days after receipt of the Contractor's timely and complete Application for Payment prepared in accordance with Section 9.3 (subject to the approved payment schedule), or if the Owner does not pay the Contractor within fifteen (15) days after the date established in the Contract Documents, the undisputed amount due and owing to the Contractor certified by the Architect or awarded by binding dispute resolution, then the Contractor may, upon

fifteen (15) additional days' notice to the Owner and Architect, stop the Work until payment of the amount owing has been received. The Contract Time shall be extended appropriately and the GMP shall be increased by the amount of the Contractor's reasonable costs of shutdown, delay and start-up, plus interest as provided for in the Contract Documents.

§ 9.8 Substantial Completion and Occupancy

§ 9.8.1 Substantial Completion is the stage in the progress of the Work, or portion or phase thereof designated and approved by the Architect and Owner, when the Work or designated portion thereof is sufficiently complete in accordance with the Contract Documents so that the Owner can ~~fully~~ occupy or utilize the Work, or the designated portion thereof, for its intended use, including FF&E and staff occupancy. The fact that the Owner may occupy the Work or a designated portion thereof does not indicate that the Work is acceptable in whole or in part. All Work other than incidental corrective or punch list Work and final cleaning shall be completed, including but not limited to the following:

- .1 Obtain applicable occupancy permits, including fire/life safety systems and health department approval, pressure vessel permits, elevator permits, and similar approvals or certificates by governing authorities and franchised services, assuring the Owner's full access and use of the completed Work.
- .2 Submit the Contractor's punch list of items to be completed or corrected and written request for inspection.
- .3 Complete all major building systems including HVAC and controls, intercom, data communications, fire alarm, telephone, fire sprinkler, security and clocks.
- .4 Make final changeover of locks and transmit new keys to the Owner, and advise the Owner of the changeover in security provisions.
- ~~.5 Discontinue or change over and remove temporary facilities and services from the Project site.~~
- ~~.6 Advise the Owner on coordination of shifting insurance coverages, including proof of extended coverages as required.~~
- ~~.7 Complete final cleaning of the entire Project site.~~

The Work is not Substantially Complete unless the Owner and Architect reasonably judge that the Work can achieve Final Completion within forty-five (45) days (or such other period of time as is specified in the Contract Documents); ~~appropriate final cleaning has occurred; all designated systems and parts are usable, and Selected Equipment and Systems are ready for commissioning as set forth in Section 9.8.1.2 below; trend logs have been provided to the Owner; utilities are connected and operating normally and training sessions (except those that must occur after the Date of Commissioning) have occurred; all required permits have been issued; O & M manuals have been submitted for review; and the Work is accessible by normal vehicular and pedestrian traffic routes.~~ The fact that the Owner may occupy the Work or a designated portion thereof does not indicate that the Work is Substantially Complete or is acceptable in whole or in part, nor does such occupation toll or change any liquidated damages due the Owner.

§ 9.8.1.2 Commissioning of Selected Equipment and Systems. Equipment and systems identified for commissioning in the Contract Documents are considered "Selected Equipment and Systems." When the Contractor considers that all Selected Equipment and Systems are complete and ready for normal operation and functional performance testing, and all pre-commissioning checklists are completed, the Contractor shall so notify the Architect and the Owner in writing, which shall be a minimum of fourteen (14) days prior to the date of Substantial Completion (or any earlier date established in the Contract Documents).

§ 9.8.1.2.1 A reasonable period shall be allowed for the Architect and commissioning agent to schedule and observe the functional performance tests of the systems identified in the Contract Documents. If the review discloses that any item is not complete in accordance with the requirements of the Contract Documents, the Contractor shall expeditiously complete or correct such item upon notification by the Architect or commissioning agent and then submit a request for another review to determine the completion of commissioning.

§ 9.8.1.2.2 When the commissioning of all Selected Equipment and Systems is complete, the Owner's commissioning agent will notify the Owner in writing, which shall establish the date commissioning is complete ("Date of Commissioning"). Post-commissioning training of Owner personnel related to Selected Equipment and Systems shall begin immediately after the Date of Commissioning and shall be conducted by appropriate

Subcontractor personnel who are knowledgeable with the construction and operation of each system prior to their departure from the site. At all times prior to the Date of Commissioning, the Contractor (or the installing Subcontractor) shall perform all maintenance recommended by the equipment or system manufacturer or otherwise required, and all maintenance necessary to retain the equipment or system warranty, which, at a minimum, shall include replacement of all filters at least once every three (3) months. Immediately following the Date of Commissioning, the Contractor (or the installing Subcontractor) shall replace all filters and provide the Owner with a complete extra set of filters, all at no additional cost and as part of the GMP. Warranties on any Selected Equipment and Systems required by the Contract Documents shall commence on the Date of Commissioning, unless such date occurs earlier than Final Completion or otherwise provided. If the Date of Commissioning occurs before Final Completion, all warranties shall commence at Final Completion.

§ 9.8.2 When the Contractor considers that the Work, or a portion thereof which the Owner agrees to accept separately, is substantially complete, the Contractor shall prepare and submit to the Architect a comprehensive list of items to be completed or corrected prior to final payment. The Contractor shall proceed promptly to complete and correct items on the list. Failure to include an item on such list does not alter the responsibility of the Contractor to complete all Work in accordance with the Contract Documents.

§ 9.8.3 Upon receipt of the Contractor's list, and upon verification by the Architect that all permits, approvals, testing, training and other submittals and administrative actions required under the Contract Documents for obtaining Substantial Completion have been satisfied, the Architect and, at its option, the Owner, will make an inspection to determine whether the Work or designated portion thereof is substantially complete. If the Architect's inspection discloses any item, whether or not included on the Contractor's list, which is not sufficiently complete in accordance with the Contract Documents so that the Owner can occupy or utilize the Work or designated portion thereof for its intended use, the Contractor shall, before issuance of the Certificate of Substantial Completion, complete or correct such item upon notification by the Architect. In such case, the Contractor shall then submit a request for another inspection by the Architect to determine Substantial Completion. If the Owner or Architect determines that the Work or designated portion is not substantially complete, the Contractor shall expeditiously complete the Work or designated portion, and again request an inspection. The Contractor shall pay the costs associated with any further reinspections.

§ 9.8.4 When the Work or designated portion thereof is substantially complete, the Architect will prepare a Certificate of Substantial Completion which, upon approval of the Owner, shall establish the date of Substantial Completion; establish responsibilities of the Owner and Contractor for security, maintenance, heat, utilities, damage to the Work and insurance; and fix the time within which the Contractor shall finish all items on the list accompanying the Certificate. Warranties required by the Contract Documents shall commence on the date of Final Completion of the Work or designated portion thereof unless otherwise provided in the Contract Documents. The Contractor shall be required to secure any extended warranties or special riders that are required to comply with these requirements. The Contractor shall attach and submit with the executed Certificate of Substantial Completion the Certificate of Occupancy, as well as a written list of each outstanding and unresolved Claim. Any Claim not so submitted and identified, other than retainage and the undisputed balance of the GMP, shall be deemed waived and abandoned. If the Owner or Architect determines that the Work or designated portion is not substantially complete, the Contractor shall expeditiously complete the Work or designated portion, again request an inspection, and pay the costs associated with the re-inspection, including Architect and consultant fees.

§ 9.8.5 The Certificate of Substantial Completion shall be submitted to the Owner and Contractor for their written acceptance of responsibilities assigned to them in the Certificate. Any items not included by the Architect but required ~~or necessary~~ under the Contract Documents for Final Completion of the Contract shall be supplied and installed by the Contractor as a part of the GMP, notwithstanding their not being recorded by the Architect. Upon written acceptance of the Certificate of Substantial Completion by the Owner and the Contractor, and upon the Contractor's Application for Payment and consent of surety if any, the Owner shall make payment as required by the Contract Documents. Such payment shall be adjusted for Work that is incomplete or not in accordance with the requirements of the Contract Documents. No further payment will be due or owing until the payment following Final Completion.

§ 9.8.6 The Contractor shall prepare, continue to monitor with the Architect, and cause to be completed, all punch lists with respect to the activity of each Subcontractor of any tier and report weekly to the Owner on outstanding

punch list items. ~~Beginning ninety (90) days before the scheduled date of Substantial Completion, the Contractor shall prepare reports weekly, identifying items to be completed in order to obtain required certificates of occupancy and make recommendations to the Owner with respect to effectuating the earliest possible completion. The Contractor shall include this report as a schedule item on its CPM schedule.~~

§ 9.9 Partial Occupancy or Use

§ 9.9.1 The Owner may, upon written notice to the Contractor, take possession of, operate, occupy, or use any completed or partially completed portion of the Work at any stage and the Contractor shall cooperate with such occupancy and use, including without limitation any FF&E or staff move-in. Occupancy shall not occur until such occupancy or use is authorized by public authorities having jurisdiction over the Project. Such partial occupancy or use may commence whether or not the portion is substantially complete. Unless otherwise agreed in writing, such possession, use or operation shall not be deemed an acceptance of any portion of the Work, nor accelerate the time for any payment to the Contractor under the Contract, nor prejudice any rights of the Owner under the Contract or under any insurance, bond, guaranty or other requirement of the Contract, nor relieve the Contractor of the risk of loss or any of its obligations under the Contract, nor establish a date of Substantial or Final Completion, nor establish a date for termination or partial termination of the running of liquidated damages, nor constitute a waiver of any Owner claims. If the Contractor fails to achieve Substantial Completion of the Work within the Contract Time, or fails to achieve Final Completion of the Work within forty-five (45) days of Substantial Completion (or such other period of time as is specified in the Contract Documents), the Owner may take possession of, use or operate all or any part of the Work without an increase in the GMP or the Contract Time on account of such possession or use. When the Contractor considers a portion substantially complete, the Contractor shall prepare and submit a list to the Architect as provided under Section 9.8.2. Consent of the Contractor to partial occupancy or use shall not be unreasonably withheld.

§ 9.9.2 Immediately prior to such partial occupancy or use, the Owner, Contractor, and Architect shall jointly inspect the area to be occupied or portion of the Work to be used in order to determine and record the condition of the Work.

§ 9.9.3 Unless otherwise agreed upon, partial occupancy or use of a portion or portions of the Work shall not constitute acceptance of Work not complying with the requirements of the Contract Documents.

§ 9.10 Final Completion and Final Payment

§ 9.10.1 Final Completion.

§ 9.10.1.1 The Contractor shall cause punch list items to be completed within forty-five (45) days of Substantial Completion (or such other period of time as is specified in the Contract Documents) or within such reasonable period as may be required to correct the item (in the event that the punch list items are, because of their nature, incapable of correction during that period) provided that the Contractor commences to correct the item within that period and thereafter diligently and in good faith pursues the corrective action to completion. If, after the date of Substantial Completion, the Owner considers that the punch list items are unlikely to be completed within forty-five (45) days of the date of Substantial Completion (or such other period of time as is specified in the Contract Documents), the Owner may, upon seven (7) days' written notice to the Contractor, take over and perform some or all of the punch list items. Moreover, and without limiting any other available remedy, the Owner may take over and complete any portion of the Work at any time more than forty-five (45) days following Substantial Completion if Final Completion has not been achieved. If the Owner elects to take over and perform any portion of the Work, the Owner may deduct the actual cost of performing the Work (including direct and indirect costs), and including any design costs, plus 15% to account for the Owner's transaction costs from the Contract Sum.

§ 9.10.1.2 Upon receipt of the Contractor's notice that the Contractor has inspected the punch list items, the punch list items are completed, and the Work is ready for final inspection and acceptance and upon receipt of a final Application for Payment, the Architect will promptly make such inspection accompanied by the Contractor (if requested by the Architect or Owner). If the Architect or Owner determines that some or all of the punch list items are not accomplished, the Contractor shall be responsible to the Owner for all costs, including re-inspection fees, for any subsequent Architect's inspection to determine compliance with the punch list. When the Architect finds all punch list items complete and the Work acceptable under the Contract Documents and the Contract fully performed, the Architect will promptly notify the Owner and the Contractor in writing that to the best of the Architect's knowledge, information and belief, and on the basis of the Architect's on-site visits and inspections, the Work has

been completed in accordance with the Contract Documents. The Architect's final Certificate for Payment will constitute a further representation that conditions listed in Section 9.10.2 as precedent to the Contractor's being entitled to final payment have been fulfilled.

§ 9.10.1.3 The Contractor is liable for, and the Owner may deduct from any amounts due the Contractor, all Architect, engineer or other design consultant fees, and all Commissioning agent and construction management fees, incurred by the Owner for services performed more than forty-five (45) days after Substantial Completion of all the Work (or such other period of time as is specified in the Contract Documents), ~~whether or not~~ if those services would not have been performed ~~prior to that date~~ had Final Completion been achieved in a timely manner.

§ 9.10.1.4 When the Architect finds that the Work has been concluded, a final occupancy permit has been issued, any commissioning process and validation process have been successfully concluded and the Commissioning Report has been accepted by the Owner's Board of Directors, and the Contractor has submitted all the items identified in Section 9.10.1.5 to the Architect, the Contractor may submit a final Application for Payment. The Architect will then promptly issue a final Certificate for Payment stating that the entire balance found to be due the Contractor and noted in said final Certificate is due and payable. The Architect's final Certificate for Payment shall establish the date of Final Completion upon its execution by the Owner.

§ 9.10.1.5 "Final Completion" will be attained when the Contractor has accomplished the following:

- .1 Complete all requirements listed in Section 9.8 for Substantial Completion.
- .2 Complete all remaining punch list items and remaining Work and obtain approval by Architect and Owner that all Work is complete.
- .3 Obtain permanent occupancy permits (if only a temporary occupancy permit was issued previously).
- .4 Submit any final Change Orders and a final Application for Payment.
- .5 Submit final record documents, any final property survey, and operation and maintenance manuals required by the Contract Documents.
- .6 Deliver tools, spare parts, extra stock of material and similar physical items to the Owner as required by the Contract Documents.
- .7 Complete final cleaning after punch list Work (in addition to the cleaning that was required to obtain Substantial Completion).
- .8 Complete instruction and training sessions (which are to begin prior to Substantial Completion) on all major building systems including HVAC, intercom, data communications, fire alarm, telephone, fire sprinkler, emergency power, security and clocks.
- .9 Submit executed warranties.
- .10 Make final changeover of locks and transmit new keys to the Owner, and advise the Owner of the changeover in security provisions.
- .11 Discontinue or change over and remove temporary facilities and services from the Project site.
- .12 Advise the Owner on coordination of any shifting insurance coverages, including proof of extended coverages as required.

~~.13—Acceptance of the final Commissioning Report by the Owner's Board of Directors.~~

§ 9.10.2 Final Acceptance and Payment

§ 9.10.2.1 Neither final payment nor any retained percentage shall become due until after the Owner's Board of Directors has formally accepted the Project ("Final Acceptance.") To achieve Final Acceptance, the Architect must have issued a final Certificate for Payment under Section 9.10.1.4, an occupancy permit must have been issued, Final Completion must have occurred, and the Contractor must have submitted to the Architect and the Owner the following:

- .1 an affidavit that all payrolls, bills for materials and equipment, and other indebtedness connected with the Work for which the Owner or the Owner's property might be responsible or encumbered (less amounts withheld by Owner) have been paid or otherwise satisfied, except for any Claims that are specifically identified on the affidavit,
- .2 a certificate evidencing that insurance required by the Contract Documents to remain in force after final payment is currently in effect and will not be canceled or allowed to expire until at least thirty (30) days' prior written notice has been given to the Owner or such cancellation is permitted by the Contract Documents.

- .3 a written statement that the Contractor knows of no reason that the insurance will not be renewable to cover the period required by the Contract Documents,
- .4 consent of surety, if any, to final payment (AIA form G707 or equivalent),
- .5 documentation of any special warranties, such as manufacturers' warranties or specific Subcontractor warranties,
- .6 other data establishing payment or satisfaction or protection against obligations, such as receipts and releases and waivers of liens, claims, security interests, or encumbrances arising out of the Contract, to the extent and in such form as may be designated by the Owner (Contractor's Affidavit of Release of Liens, AIA form G706A or equivalent). If a Subcontractor refuses to furnish a release or waiver required by the Owner, the Contractor may furnish a bond satisfactory to the Owner to indemnify the Owner against such lien, claim, security interest, or encumbrance. If a lien, claim, security interest, or encumbrance remains unsatisfied after payments are made, the Contractor shall refund to the Owner all money that the Owner may be compelled to pay in discharging the lien, claim, security interest, or encumbrance, including all costs and reasonable attorneys' fees,
- .7 pursuant to RCW 39.12.040, an "Affidavit of Wages Paid" from the Contractor and from each Subcontractor of any tier certified by the Industrial Statistician of the Washington State Department of Labor and Industries, with the fees paid by the Contractor or Subcontractor,
- .8 a letter from the Architect indicating that the Work is complete and recommending Final Acceptance of the Project by the Owner,
- .9 certification that the materials in the Work are "lead-free" and "asbestos-free,"
- .10 a certified statement that the Contractor has closed all necessary permits or otherwise met the requirements of all governing jurisdictions related to this Project, including but not limited to all city or county departments, health districts and utility districts, provided to Owner with a copy of all closed or signed off permits,
- .11 record documents; and
- .12 all warranties, guarantees, training manuals, operation instructions, certificates, spare parts, maintenance manuals and stock, specified excess material, as-built drawings and other documents, training or items required by the Contract Documents or local governmental entities.

§ 9.10.2.2 Pursuant to RCW 60.28, "Lien for Labor, Materials, Taxes on Public Works," completion of the Contract Work shall occur upon Final Acceptance.

§ 9.10.3 If, after Substantial Completion of the Work, Final Completion is materially delayed through no fault of the Contractor or by issuance of Change Orders affecting Final Completion, and the Architect so confirms, the Owner May, upon application by the Contractor and certification by the Architect, and without terminating the Contract, make payment of the balance due for that portion of the Work fully completed, corrected, and accepted. If the remaining balance for Work not fully completed or corrected is less than retainage stipulated in the Contract Documents, and if bonds have been furnished, the written consent of the surety to payment of the balance due for that portion of the Work fully completed and accepted shall be submitted by the Contractor to the Architect prior to certification of such payment. Such payment shall be made under terms and conditions governing final payment, except that it shall not constitute a waiver of Claims.

§ 9.10.4 Waiver of Claims - Final Payment by Owner. The making of final payment shall constitute a waiver of Claims by the Owner except those arising from

- .1 liens, statutory retainage, Claims, security interests, or encumbrances arising out of the Contract and unsettled;
- .2 failure of the Work to comply with the requirements of the Contract Documents;
- .3 terms of special warranties required by the Contract Documents; or
- .4 audits performed by the Owner, if permitted by the Contract Documents, after final payment.

§ 9.10.5 Waiver of Claims - Final Payment to Contractor. Acceptance of final payment by the Contractor, a Subcontractor, or a supplier, shall constitute a waiver of claims by that payee except those previously made in writing and identified by that payee as unsettled and attached to the Contractor's final Application for Payment.

§ 9.10.6 Waiver of Claims - Change Orders. The execution of a Change Order shall constitute a waiver of Claims by the Contractor arising out of the Work to be performed or deleted pursuant to the Change Order, except as

specifically described in the Change Order. Reservations of rights will be deemed waived and are void unless the reserved rights are specifically described in detail to the satisfaction of the Owner and are initialed by the Owner. If the Contractor adds a reservation of rights that has not been initialed by the Owner to any Change Order, Construction Change Directive, Change Order proposal, Application for Payment or any other document, all amounts therein shall be considered disputed and not due or payable unless and until costs are re-negotiated or the reservation is withdrawn or changed in a manner satisfactory to and in all cases initialed by the Owner. If the Owner makes payment for a Change Order or an Application for Payment that contains a reservation of rights not initialed, by the Owner to indicate agreement with the reservation, and if the Contractor negotiates the check for such payment, then the reservation of rights shall be deemed waived, withdrawn and of no effect.

§ 9.10.7 Release of Retainage: The retainage will be held and applied by the Owner as a trust fund in a manner required by RCW 60.28. Release of the retainage will be processed in ordinary course of business upon the expiration of sixty (60) days following Final Acceptance of the Work by the Owner provided that no notice of lien shall have been given as provided in RCW 60.28, that no claims have been brought to the attention of the Owner and that the Owner has no Claims under this Contract; and provided further that release of retention has been duly authorized by the State. The following items must also be obtained prior to release of retainage: pursuant to RCW 60.28, a certificate from the Department of Revenue; pursuant to RCW 50.24, a certificate from the Department of Employment Security; and appropriate information from the Department of Labor and Industries.

§ 9.10.8 If a Subcontractor of any tier refuses to furnish a release or waiver required by the Owner, the Owner may (a) retain in the fund, account, or escrow funds in such amount as to defray the cost of foreclosing the liens of such claims and to pay attorneys' fees, the total of which shall be no less than 150% of the claimed amount, or (b) accept a bond from the Contractor, satisfactory to the Owner, to indemnify the Owner against such lien. If any such lien remains unsatisfied and unbonded after all payments from the retainage are made, the Contractor shall refund to the Owner all moneys that the Owner may be compelled to pay in discharging such lien, including all costs and reasonable attorneys' fees.

§ 9.10.9 The Contractor shall maintain books, ledgers, records, documents, estimates, bids, correspondence, logs, schedules, emails, and other tangible and electronic data and evidence relating or pertaining to the costs and/or performance of the Contract ("records") to such extent and in such detail as will properly reflect and fully support compliance with the requirements of the Contract Documents and with all costs, charges and other amounts of whatever nature. The Contractor shall preserve such records for a period of three (3) years following the date of Final Acceptance under the Contract and for such longer period as may be required by any other provision of the Contract. Within seven (7) days of the Owner's request, the Contractor agrees to make available at the office of the Contractor during normal business hours all records for inspection, audit and reproduction (including electronic reproduction) by the Owner or its representatives; failure to fully comply with this requirement shall constitute a material breach of the Contract and a waiver of all Claims by the Contractor.

§ 9.10.10 Subcontractors of any tier shall maintain books, ledgers, records, documents, estimates, bids, correspondence, logs, schedules, electronic data and other evidence relating or pertaining to the costs and/or performance of the Contract ("records") to such extent and in such detail as will properly reflect and fully support compliance with the requirements of the Contract Documents and with all costs, charges and other amounts of whatever nature. Each Subcontractor shall preserve such records for a period of three (3) years following the date of Final Acceptance under the Contract and for such longer period as may be required by any other provision of the Contract. Within seven (7) days of the Owner's request, a Subcontractor shall make available at the office of the Subcontractor during normal business hours all records for inspection, audit and reproduction (including electronic reproduction) by the Owner or its representatives; failure to fully comply with this requirement shall constitute a material breach of contract and a waiver of all Claims by that Subcontractor.

§ 9.10.11 The Contractor agrees, on behalf of itself and Subcontractors of any tier, that any rights under Chapter 42.56 RCW will commence at Final Acceptance, and that the invocation of such rights at any time by the Contractor or a Subcontractor of any tier, or their respective representatives, shall initiate an equivalent right to disclosures from the Contractor and Subcontractors of any tier for the benefit of the Owner.

ARTICLE 10 PROTECTION OF PERSONS AND PROPERTY

§ 10.1 Safety Precautions and Programs

§ 10.1.1 The Contractor shall be solely responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the performance of the Contract and shall provide its safety program to the Owner within seven (7) days of receipt of a notice to proceed. The Contractor shall maintain the Work site and perform the Work in a manner that meets statutory and common-law requirements for the provision of a safe place to work. This requirement shall apply continuously and not be limited to working hours. Any review by the Owner or the Architect of the Contractor's performance shall not be construed to include a review of the adequacy of the Contractor's safety measures in, on or near the site of the Work. The Contractor shall be solely and completely responsible for conditions of the Project site, including safety of all persons and property, during performance of the Work.

§ 10.1.2 No action or inaction of the Owner or the Architect relating to safety or property protection or a violation thereof will: (1) relieve the Contractor of sole and complete responsibility for the violation and the correction thereof, or of sole liability for the consequences of said violation; (2) impose any obligation upon the Owner or Architect to inspect or review the Contractor's safety program or precautions or to enforce the Contractor's compliance with the requirements of this Article 10; (3) impose any continuing obligation upon the Owner or Architect to ensure the Contractor performs the Work safely or to provide such notice to the Contractor or any other person or entity; (4) affect the Contractor's sole and complete responsibility for performing the Work safely or the Contractor's responsibility for the safety and welfare of its employees and Subcontractors of any tier; or (5) affect the Contractor's responsibility for the protection of property, staff and the general public.

§ 10.1.3 If reasonable precautions will be inadequate to prevent foreseeable bodily injury or death to persons resulting from a material or substance encountered on the site by the Contractor, the Contractor shall, upon recognizing the condition immediately stop Work in the affected area and report the condition to the Owner and the Architect in writing. The Owner, Contractor and Architect shall then proceed in the same manner described in Section 10.3.

§ 10.1.3.1 The Owner shall be responsible for obtaining the services of a licensed laboratory to verify the presence or absence of the material or substance reported by the Contractor and, in the event such material or substance is found to be present, to verify that it has been rendered harmless. Unless otherwise required by the Contract Documents, the Owner shall furnish in writing to the Contractor and the Architect the names and qualifications of persons or entities who are to perform tests verifying the presence or absence of such material or substance or who are to perform the task of removal or safe containment of such material or substance. The Contractor and the Architect will promptly reply to the Owner in writing stating whether or not either has reasonable objection to the persons or entities proposed by the Owner. If either the Contractor or the Architect has an objection to the persons or entity proposed by the Owner, the Owner shall propose another to whom the Contractor and the Architect have no reasonable objection.

§ 10.2 Safety of Persons and Property

§ 10.2.1 The Contractor shall take reasonable precautions for safety of, and shall provide reasonable protection to prevent damage, injury, or loss to

- .1 employees on or involved in the Work and other persons who may be affected thereby;
- .2 the Work and materials and equipment to be incorporated therein, whether in storage on or off the site, under care, custody, or control of the Contractor, a Subcontractor, or a Sub-subcontractor; and
- .3 other property at the site or adjacent thereto, such as trees, shrubs, lawns, walks, pavements, roadways, structures, and utilities not designated for removal, relocation, or replacement in the course of construction.

§ 10.2.2 The Contractor shall comply with, and give notices required by applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities, bearing on safety of persons or property or their protection from damage, injury, or loss. The Contractor shall comply with all notices and comply with all reasonable requests from the Owner regarding the safety and protection of the Owner's staff. The Contractor shall comply with the safety regulations set forth in "Safety Standards for Construction" and "General Safety Standards" and any other requirements published by the Washington State Department of Labor and Industries. The Contractor shall comply with the Federal Occupational Safety and Health Act of 1970 (OSHA), including all revisions,

amendments and regulations issued thereunder, and the provisions of the Washington Industrial Safety Act of 1973 (WISHA), including all revisions, amendments and regulations issued thereunder by the Washington State Department of Labor and Industries. The WISHA regulations shall apply to all excavation, trenching and ditching operations. In case of conflict between any such requirements, the more stringent regulation or requirement shall apply.

§ 10.2.2.1 The Contractor shall comply with any pertinent requirements imposed by local and/or State authorities related to the COVID-19 pandemic. These requirements include, but are not limited to, Washington's "Safe Start" reopening plan (as modified by subsequent orders), and Washington's Construction COVID-19 Job Site Requirements (as modified by subsequent orders).

§ 10.2.3 The Contractor shall implement, erect, and maintain, as required by existing conditions and performance of the Contract, reasonable safeguards for safety and protection, including posting danger signs and other warnings against hazards; promulgating safety regulations; and notifying the owners and users of adjacent sites and utilities of the safeguards. The Contractor shall maintain at the Project site office or other well known place at the Work site all materials (e.g., a first aid kit) necessary for giving first aid to the injured, and shall establish, publish and make known to all employees procedures for ensuring immediate removal to a hospital or a doctor's care, persons, including employees, who may have been injured on the site. Employees shall not be permitted to Work on the site before the Contractor has established and made known procedures for removal of injured persons to a hospital or a doctor's care. The Contractor's and/or any Subcontractors shall ensure that at least one of such employees has a valid, effective first aid card.

§ 10.2.4 When use or storage of explosives or other hazardous materials or equipment, or unusual methods are necessary for execution of the Work, the Contractor shall provide the Owner reasonable, advance notice and exercise utmost care and carry on such activities under supervision of properly qualified personnel.

§ 10.2.5 The Contractor shall promptly remedy damage and loss (other than damage or loss insured under property insurance required by the Contract Documents) to property referred to in Sections 10.2.1.2 and 10.2.1.3 caused in whole or in part by the Contractor, a Subcontractor, a Sub-subcontractor, or anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable and for which the Contractor is responsible under Sections 10.2.1.2 and 10.2.1.3. The Contractor may make a Claim for the cost to remedy the damage or loss to the extent such damage or loss is attributable to acts or omissions of the Owner or Architect or anyone directly or indirectly employed by either of them, or by anyone for whose acts either of them may be liable, and not attributable to the fault or negligence of the Contractor. The foregoing obligations of the Contractor are in addition to the Contractor's obligations under Section 3.18.

§ 10.2.6 The Contractor shall designate a responsible member of the Contractor's organization at the site whose duty shall be the prevention of accidents. This person shall be the Contractor's superintendent unless otherwise designated by the Contractor in writing to the Owner and Architect.

§ 10.2.7 The Contractor shall not load or permit any part of the construction or site to be loaded so as to cause damage or create an unsafe condition.

§ 10.2.8 At all times until the Owner's occupancy of the Work or a designated portion of the Work, the Contractor shall protect from damage, weather, deterioration, theft, vandalism and malicious mischief all materials, equipment, tools, and other items incorporated or to be incorporated in the Work or designated portion, or consumed or used in the performance of the Work or designated portion, and all Work in process and completed Work or designated portion. The Contractor is responsible for any deductible amounts related to any insurance coverage.

§ 10.2.9 Any notice given to the Contractor by the Owner or the Architect of a safety or property protection violation will not: (1) relieve the Contractor of sole and complete responsibility for the violation and the correction thereof, or for sole liability for the consequences of said violation; (2) impose any obligation upon the Owner or Architect to inspect or review the Contractor's safety program or precautions or to enforce the Contractor's compliance with the requirements of this Article 10; or (3) impose any continuing obligation upon the Owner or Architect to provide such notice to the Contractor or any other persons or entity.

§ 10.2.10 The Project site may be occupied by the Owner's employees and others during construction of the Project. The safety of these site occupants and site security are of paramount importance to the Owner. For that reason, the Contractor shall exercise control over all construction operations to ensure the safety of all site occupants and shall coordinate with the Owner and Architect as necessary to promote the Contractor's obligation for site safety. The Contractor shall also strictly follow all hours of work, joint occupancy, site security, and phasing requirements of the Project, including those set forth in the Contract Documents.

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§ 10.2.11 Injury or Damage to Person or Property

If the Contractor or any person or entity known to the Contractor suffers injury or damage to person or property because of an alleged act or omission of the Owner, or of others for whose acts is the Owner may be legally responsible, notice of the injury or damage, whether or not insured, shall be given to the Owner within a reasonable time not exceeding twenty-one (21) days after discovery. The notice shall provide sufficient detail to enable the other party to investigate the matter. This Section does not apply to Claims, damages for additional costs or time, acceleration, or delay.

§ 10.3 Hazardous Materials and Substances

§ 10.3.1 The Contractor is responsible for compliance with any requirements included in the Contract Documents regarding hazardous materials or substances. If the Contractor encounters a hazardous material or substance not addressed in the Contract Documents and if reasonable precautions will be inadequate to prevent foreseeable bodily injury or death to persons resulting from a hazardous material or substance, as defined by CERCLA, including but not limited to asbestos or polychlorinated biphenyl (PCB), encountered on the site by the Contractor, the Contractor shall, upon recognizing the condition, immediately stop Work in the affected area and notify the Owner and Architect of the condition. The Contractor shall proceed with the Work in areas not affected if able.

§ 10.3.2 Upon receipt of the Contractor's notice, and with the Owner's agreement, the Owner shall obtain the services of a licensed laboratory to verify the presence or absence of the material or substance reported by the Contractor and, in the event such material or substance is found to be present, to verify that it has been rendered harmless. Unless otherwise required by the Contract Documents, the Owner shall furnish in writing to the Contractor and Architect the names and qualifications of persons or entities who are to perform tests verifying the presence or absence of the material or substance or who are to perform the task of removal or safe containment of the material or substance. The Contractor and the Architect will promptly reply to the Owner in writing stating whether or not either has reasonable objection to the persons or entities proposed by the Owner. If either the Contractor or Architect has an objection to a person or entity proposed by the Owner, the Owner shall propose another to whom the Contractor and the Architect have no reasonable objection, but the Owner shall not be responsible for any delay resulting from the Contractor's objection to such person or entity. When the material or substance has been rendered harmless, Work in the affected area shall resume upon written agreement of the Owner and Contractor. By Change Order, the Contract Time may be extended appropriately and the GMP may be increased by the amount of the Contractor's demonstrated and reasonable additional costs of shutdown, delay, and start-up, which adjustments shall be accomplished as provided in Articles 7, 8 and 15.

§ 10.3.3

§ 10.3.4 The Owner shall not be responsible under this Section 10.3 for hazardous materials or substances the Contractor brings to the site unless such materials or substances are required by the Contract Documents. The Owner shall be responsible for hazardous materials or substances required by the Contract Documents, except to the extent of the Contractor's fault, misuse, or negligence in the use and handling of such materials or substances. The Contractor shall store all hazardous materials safely, whether or not required by Contract Documents. The Contractor shall not install hazardous materials, including without limitation asbestos or polychlorinated biphenyl (PCB), in the Work.

§ 10.3.5 The Contractor shall reimburse the Owner for the cost and expense the Owner incurs (1) for remediation of hazardous materials or substances the Contractor brings to the site and negligently handles, or (2) where the Contractor fails to perform its obligations under Section 10.3.1, except to the extent that the cost and expense are due to the Owner's fault or negligence.

§ 10.3.6 If, without fault or negligence on the part of the Contractor, the Contractor is held liable by a government agency for the cost of remediation of a hazardous material or substance solely by reason of performing Work as

required by the Contract Documents, the Owner shall reimburse the Contractor for all cost and expense thereby incurred.

§ 10.4 Emergencies

In an emergency affecting safety of persons or property, the Contractor shall act, at the Contractor's discretion, to prevent threatened damage, injury, or loss. Additional compensation or extension of time claimed by the Contractor on account of an emergency shall be determined as provided in Article 15 and Article 7.

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§ 10.5 PUBLIC SAFETY AND CONVENIENCE

§ 10.5.1 The Contractor shall conduct its Work so as to ensure the least possible obstruction to vehicular traffic and inconvenience to the general public and others in the vicinity of the Work and to ensure the protection of persons, property and natural resources. No road or street shall be closed to the public except with the permission of the Owner and the proper governmental authority. Fire hydrants on or adjacent to the Work shall be accessible to fire fighting equipment at all times. Temporary provisions shall be made by the Contractor to ensure the use of sidewalks, fire lanes, private and public driveways and proper functioning of gutters, sewer inlets, drainage ditches and culverts, irrigation ditches and natural water courses, if any, on the Work site.

§ 10.5.2 The Contractor shall respond promptly to reasonable community concerns about disturbances as a result of construction practices.

§ 10.6 WEATHER PROTECTION

§ 10.6.1 Temporary weather protection of the Work is the responsibility of the Contractor as necessary to proceed in accordance with the Contractor's approved schedule and environmental conditions. Weather protection shall include but not be limited to protection of soils, subgrade preparation, exterior concrete, masonry, sealant, gypsum sheathing, roofing, and interior finishes. Delays and costs resulting from the Contractor's failure to protect the Work from damage due to weather are the sole responsibility of the Contractor.

ARTICLE 11 INSURANCE AND BONDS

§ 11.1 Contractor's Insurance and Bonds

§ 11.1.1 The Contractor shall purchase from and maintain an occurrence-based Commercial General Liability Insurance Policy of the types and limits of liability, containing the endorsements, and subject to the terms and conditions, as described in the Agreement or elsewhere in the Contract Documents. The Contractor's insurance shall provide personal injury, bodily injury and property damage liability to cover the Contractor's operations, including Subcontractors and suppliers of any tier; advertising injury; automobile liability, including but not limited to owned, non-owned and hired vehicles; on Work the Contractor may subcontract or sublet to others; and on the indemnity provisions of this Contract, including but not limited to premises, products/completed operations, personal injury, blanket contractual liability, explosion, collapse or underground (XCU), employment related practices coverage, and stopgap employer's liability. The Contractor shall purchase and maintain such insurance from an insurance company or insurance companies lawfully authorized and admitted to issue insurance in the State of Washington possessing an A.M. Best's policyholder's rating of B+ or better and a financial rating of no less than VIII and reasonably acceptable to the Owner. The Owner, the Architect, their consultants and employees, and any required governmental agencies and others designated in the Contract Documents shall be named as additional insureds under the Contractor's commercial general liability policy for all coverages required by Section 11.1 or as otherwise described in the Contract Documents. The Contractor's insurance shall include a severability of interest (cross liability clause) for Work performed under this Contract. The Contractor's policy shall be designated primary coverage for both defense and indemnity, and any Owner's policies excess. Such limits of liability insurance shall have per project general aggregate provisions and shall not be less than the following:

- .1 \$2,000,000 per occurrence and \$2,000,000 per-Project aggregate for bodily injury liability including sickness, disease or death and \$2,000,000 bodily injury liability for all occurrences (other than automobiles);
- .2 \$2,000,000 per occurrence and \$2,000,000 per-Project aggregate for property damage liability (other than automobiles) because of damage to or destruction of property of others including loss of the use thereof caused by one occurrence and \$2,000,000 property damage liability for all occurrences;
- .3 As an alternate to subsections .1 and .2 above, the Contractor may insure for \$2,000,000 Combined Single Limit protection for both bodily injury and property damage liability per occurrence and \$2,000,000 general aggregate stop loss;

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- .4 \$2,000,000 per accident and \$2,000,000 per-Project aggregate for bodily injury liability including sickness, disease or death and property damage liability because of damage to or destruction of property of others including loss of use thereof arising out of the operation of automobiles;
 - .5 \$2,000,000 for claims for damages insured by personal injury liability coverage (included and defined in the Commercial General Liability insurance policy) which are sustained (1) by a person as a result of an offense directly or indirectly related to employment of such person by the Contractor or, (2) by another person;
 - .6 \$2,000,000 per occurrence and \$2,000,000 per-Project aggregate for claims involving damages to a person as a result of an offense directly or indirectly related to employment of such person by the Contractor or another employee;
 - .7 \$2,000,000 per occurrence and \$2,000,000 per-Project aggregate for claims involving blanket contractual liability insurance (included and defined in the Commercial General Liability Insurance Policy) applicable to the Contractor's obligations under Section 3.18; and
 - .8 In addition, the Contractor shall maintain a true umbrella policy that provides excess limits over the primary layer, in an amount not less than \$10,000,000.

§ 11.1.1.1 The insurance required by Section 11.1.1 shall be written for not less than limits of liability specified in the Contract Documents or required by law, whichever coverage is greater. Coverages shall be written on an occurrence basis, shall be maintained without interruption from the date of commencement of the Work until the date of Final Acceptance and termination of any coverage required to be maintained after final payment. Completed operations coverage shall remain in force for six (6) years after Final Acceptance and shall name the Owner, the Architect, their consultants and employees, and any required governmental agencies as additional insureds. The insurance described above shall include coverage for underground, collapse and explosion exposures. In addition, the Contractor shall purchase and maintain insurance for claims under workers' compensation (industrial insurance), disability benefit and other similar employee benefit acts in the State statutory amount and Employer's Liability Insurance (Stop Gap) with limits of at least \$1,000,000 each accident; \$1,000,000 disease each employee; and \$1,000,000 disease policy limit. Losses up to the deductible amount shall be the responsibility of the Contractor.

§ 11.1.1.2 Before any presence on site, commencing Work or exposure to loss can occur, the Contractor shall furnish the Owner with four (4) copies of Certificates of Insurance on AIA Document G705 or ACORD Certificate of Liability Insurance as evidence of all insurance required by the Contract Documents, including an endorsement to the insurance policies naming the Owner, the Architect, their consultants and employees, any required governmental agencies and others designated in the Contract Documents as additional insureds. No progress payment will be due until all such Certificates are furnished. All policies and certificates must be signed copies and shall contain a provision that coverages afforded under the policies cannot be materially altered (i.e. the coverages reduced, the limits decreased or the additional insured removed) allowed to expire, or cancelled without first giving forty-five (45) days prior written notice by certified mail to the Owner and Architect. The Contractor shall furnish to the Owner and the Architect copies of any subsequently issued endorsements amending, modifying, altering or restricting coverage limits. Furthermore, such policies or certificates shall contain a clause verifying that the policy contains coverage for blanket contractual liability including both oral and written contracts and that liability coverages include protection for underground, collapse and explosion and that the indemnification provisions of Section 3.18 are acknowledged. An additional certificate evidencing continuation of liability coverage, including coverage for completed operations, shall be submitted with the final Application for Payment as required by Section 9.10 and thereafter upon renewal or replacement of such coverage until the expiration of the time required by Section 11. Information concerning reduction of coverage on account of revised limits or claims paid under the General Aggregate, or both, shall be furnished by the Contractor with reasonable promptness. Upon written request, the Contractor will provide a copy of its policies to the Owner.

§ 11.1.1.3 The Owner's specification or approval of the insurance in this Contract or of its coverage or amount shall not relieve or decrease the liability of the Contractor under the Contract Documents or otherwise. Coverages are the minimum to be provided and are not limitations of liability under the Contract, indemnification, or applicable law provisions. The Contractor may, at its expense, purchase larger coverage amounts. Notwithstanding anything herein to the contrary, the Contractor shall provide all bonding, insurance, and permit documentation as required by governmental entities for all portions of the Project.

§ 11.1.1.4 The Contractor shall ensure and require that Subcontractors of any tier have insurance coverage to cover bodily injury and property damage on all operations and all vehicles owned or operated by Subcontractors of all tiers in the minimum amount of \$1,000,000 per occurrence with a \$2,000,000 general aggregate limit. Also, the Subcontractors shall name the Contractor and the Owner and cause the commercial liability coverage required by the Contract Documents to include (1) the Owner, the Architect, and their consultants and employees as additional insureds for claims caused in whole or in part by the Contractor's negligent acts or omissions during the Contractor's operations; and (2) the Owner as an additional insured for claims caused in whole or in part by the Contractor's negligent acts or omissions during the Contractor's completed operations, giving at least forty-five (45) days' notice of cancellation.

§ 11.1.1.5 The GMP includes an amount to pay the premium for such insurance and to name the Owner, the Architect, their employees, and others listed in the Contract Documents as additional insureds on all insurance policies required by this Section 11.1, except workers' compensation and employer's liability. There shall be no self-insured retention without the prior written approval of the Owner. If the Owner is damaged by the failure of the Contractor to maintain any of the insurance in this Article 11 or to so notify the Owner, then the Contractor shall bear all costs attributable thereto. The Owner may withhold payment pending receipt of all certificates of insurance. Failure to withhold payment shall not constitute a waiver.

§ 11.1.2 **Payment and Performance Bonds.** The Contractor shall provide surety bonds covering the faithful performance of the Contract and payment of obligations arising under the Contract Documents, each in the full amount of the Contract Sum plus sales tax, pursuant to RCW 39.08, "Contractor's Bond." The Contractor shall provide such bonds as a part of the GMP. All bonds shall be of the types, for such penal sums, and subject to such terms and conditions as required by the Contract Documents. The Contractor shall purchase and maintain the required bonds from a company or companies lawfully authorized to issue surety bonds in the jurisdiction where the Project is located. The surety company shall be acceptable to the Owner, shall have an A.M. Best rating of "A minus" or better and a financial rating of no less than "VIII," and shall be admitted and licensed in the State of Washington. Within seven (7) days after the Owner's issuance of the notice of intent to award the Contract, the Contractor shall deliver evidence of its bondability to the Owner. Within seven (7) days after its execution of the GMP Amendment, the Contractor shall deliver two (2) copies of the bonds to the Owner and one (1) copy to the Architect. THE OWNER MAY DECLINE TO ENTER INTO THE CONTRACT IF THE REQUESTED EVIDENCE OF BONDABILITY IS NOT RECEIVED. THE CONTRACTOR SHALL NOT PROCEED WITH THE WORK UNTIL SUCH SURETY BONDS ARE RECEIVED. THE OWNER MAY ALSO WITHHOLD PAYMENT TO THE CONTRACTOR UNTIL SUCH BONDS ARE RECEIVED. Evidence of bondability shall include the percentage to be paid by the Contractor for increases in the GMP. ~~The Contract Time shall be reduced by one (1) day for each day after ten (10) days that the surety bonds are not received by the Owner.~~ The Contractor shall be responsible for any delay in the Contract Time because of failure to submit acceptable bonds.

§ 11.1.2.1 If the Owner is damaged by the failure of the Contractor to maintain any of the bonds or insurance required by this Agreement or in this Article 11 or to so notify the Owner, then the Contractor shall bear all costs attributable thereto. The Owner may withhold payment pending receipt of all certificates of insurance and bonds. Failure to withhold payment shall not constitute a waiver.

§ 11.1.3 Upon the request of any person or entity appearing to be a potential beneficiary of bonds covering payment of obligations arising under the Contract, the Contractor shall promptly furnish a copy of the bonds or shall authorize a copy to be furnished.

§ 11.1.4 **Notice of Cancellation or Expiration of Contractor's Required Insurance.** Within three (3) business days of the date the Contractor becomes aware of an impending or actual cancellation or expiration of any insurance required by the Contract Documents, the Contractor shall provide notice to the Owner of such impending or actual cancellation or expiration. Upon receipt of notice from the Contractor, the Owner shall, unless the lapse in coverage arises from an act or omission of the Owner, have the right to stop the Work until the lapse in coverage has been cured by the procurement of replacement coverage by the Contractor. The furnishing of notice by the Contractor shall not relieve the Contractor of any contractual obligation to provide any required coverage.

§ 11.2 Owner's Insurance

§ 11.2.1 The Owner shall purchase and maintain insurance of the types and limits of liability, containing the endorsements, and subject to the terms and conditions, as described in the Agreement or elsewhere in the Contract Documents. The Owner shall purchase and maintain the required insurance from an insurance company or insurance companies lawfully authorized to issue insurance in the jurisdiction where the Project is located.

§ 11.2.2 § 11.2.3

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§ 11.2.4 Property Insurance

§ 11.2.4.1 Unless otherwise provided, the Contractor shall, upon the Owner's approval, purchase and maintain until Final Acceptance, in a company or companies lawfully authorized and admitted to do business in the jurisdiction in which the Project is located, property insurance written on a builder's risk "all-risk" or equivalent policy form to cover the course of construction upon the entire Work at the site and any materials or equipment furnished or installed by the Owner on the Project, in the amount of the full insurable value thereof less costs of clearing, preparation and excavation of the site under this Agreement. Such property insurance shall be maintained, unless otherwise provided in the Contract Documents or otherwise agreed in writing by all persons and entities who are beneficiaries of such insurance, until final payment has been made as provided in Section 9.10 or until no person or entity other than the Owner has an insurable interest in the property required by this Section 11.2.4 to be covered, whichever is later. This insurance shall include interests of the Owner, the Contractor, Subcontractors and Sub-subcontractors in the Project. This insurance shall insure against the perils of fire and extended coverage and physical loss or damage, including earthquake, and shall provide "all risk" coverage for the interests of the Owner, the Contractor and Subcontractors as named insured and loss payee, as their respective interests appear. Upon written request, the Contractor will provide a copy of its policy to the Owner. Each loss may be subject to a deductible of not more than \$10,000, except that the deductible for earthquake and flood losses shall be no greater than 5% of the loss or \$100,000, whichever is more. Except for losses caused by the Owner, by earthquake, or by natural disaster, losses up to the deductible amount or otherwise not covered by insurance are the responsibility of the Contractor. The policy shall be endorsed to allow complete or partial occupancy by the Owner before or after Substantial Completion without the insurer's approval. This insurance shall include as named insureds and as loss payees the Owner, the Contractor and Subcontractors of any tier, as their respective interests appear.

§ 11.2.4.2 Property insurance shall be on an "all-risk" or equivalent policy form and shall include, without limitation, insurance against the perils of fire (with extended coverage) and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, collapse, earthquake, flood, windstorm, falsework, testing and startup, temporary buildings and debris removal including demolition occasioned by enforcement of any applicable legal requirements, and shall cover reasonable compensation for Architect's and Contractor's services and expenses required as a result of such insured loss.

§ 11.2.4.3 If the Contractor does not purchase such property insurance required by the Contract and with all of the coverages in the amount described above, or if the Owner does not approve the costs associated with the Contractor's proposed property insurance, the Owner may then secure insurance that will protect the interests of the Owner in the Work, and by appropriate Change Order the GMP shall be adjusted. If the Owner is damaged by the failure or neglect of the Contractor to purchase or maintain insurance as described above then the Contractor shall bear all reasonable costs properly attributable thereto.

§ 11.2.4.5 This property insurance shall cover portions of the Work stored off the site, and also portions of the Work in transit. All tools and equipment of the Contractor and Subcontractors of any tier not intended as part of the construction or installation of the Work will be the sole responsibility of the Contractor.

§ 11.2.4.6 Before an exposure to loss may occur, the Contractor shall file with the Owner a copy of each policy that includes insurance coverages required by this Section 11.2.4. Each policy shall contain all generally applicable conditions, definitions, exclusions and endorsements related to this Project. Each policy shall contain a provision that the policy will not be canceled or allowed to expire, and that its limits will not be reduced, until at least forty-five (45) days' prior written notice has been given to the Owner.

§ 11.2.4.7 Upon the occurrence of a loss insured under the property insurance, the Owner shall participate in and approve the adjustment and settlement of any loss with the insurers. The Contractor shall pay Subcontractors their

just shares of insurance proceeds received by the Contractor, and by appropriate agreements, written where legally required for validity, shall require Subcontractors to make payments to their Sub-subcontractors in similar manner. Any inconsistent policy provisions will supersede the provisions of this Section.

§ 11.2.4.8 If the Owner finds it necessary to occupy or use a portion or portions of the Work prior to Substantial Completion thereof, such occupancy or use shall not cause this insurance to be canceled or lapse on account of such partial occupancy or use. Consent of the Contractor to such occupancy or use shall not be unreasonably withheld.

§ 11.3 Waivers of Subrogation

§ 11.3.1 The Owner and Contractor waive all rights against (1) each other and any of their subcontractors, sub-subcontractors, agents, and employees, each of the other; (2) the Architect and Architect's consultants; and (3) Separate Contractors, if any, and any of their subcontractors, sub-subcontractors, agents, and employees, for damages caused by fire, or other causes of loss, to the extent those losses are covered by property insurance required by the Agreement, except such rights as they have to proceeds of such insurance. The Owner does not waive the subrogation rights to the extent of its property insurance on structures or portions of structures that do not comprise the Work. The Owner or Contractor, as appropriate, shall require similar written waivers in favor of the individuals and entities identified above from the Architect, Architect's consultants, Separate Contractors, subcontractors, and sub-subcontractors. The policies of insurance that are required by the Contract Documents and that are purchased and maintained by each person or entity agreeing to waive claims pursuant to this section 11.3.1 shall not prohibit this waiver of subrogation. This waiver of subrogation shall be effective as to a person or entity (1) even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, (2) even though that person or entity did not pay the insurance premium directly or indirectly, or (3) whether or not the person or entity had an insurable interest in the damaged property.

ARTICLE 12 UNCOVERING AND CORRECTION OF WORK

§ 12.1 Uncovering of Work

§ 12.1.1 If a portion of the Work is covered contrary to the Owner's or the Architect's request or to requirements of a governmental authority or as otherwise specifically expressed in the Contract Documents, it must, if requested in writing by the Architect, the Owner, or a governmental authority, be uncovered for the requesting party's examination and be replaced at the Contractor's expense without change in the Contract Time or GMP.

§ 12.1.2 If a portion of the Work has been covered that the Architect, the Owner, or governmental authority has not specifically requested to examine prior to its being covered and for which the Contract Documents did not require inspection, the Architect, the Owner, or the governmental authority may request to see such Work and it shall be uncovered by the Contractor. If such Work is in accordance with the Contract Documents, the Contractor shall be entitled to make a claim for adjustment to the GMP and Contract Time as may be appropriate. If such Work is not in accordance with the Contract Documents, the costs of uncovering the Work, and the cost of correction, shall be at the Contractor's expense.

§ 12.2 Correction of Work

§ 12.2.1 Before Final Completion

The Contractor shall promptly correct Work rejected by the Architect or the Owner or failing to conform to the requirements of the Contract Documents, discovered before Final Completion and whether or not fabricated, installed or completed. Costs of correcting such rejected Work, including additional testing and inspections, the cost of uncovering and replacement, and compensation for the Architect's and its consultant(s)' services, the Owner's services, and expenses made necessary thereby, shall be at the Contractor's expense. The Contractor shall not be entitled to make a Claim based on a notification by the Owner or Architect of nonconforming ~~work~~Work unless such Work is later determined to have been conforming at the time of the notification.

§ 12.2.2 After Final Completion

§ 12.2.2.1 In addition to the Contractor's obligations under Section 3.5, if, within the later of (1) one year after the later of the date of Final Completion of the Work or after the date for commencement of warranties established under the Contract Documents, or (2) by terms of any applicable special warranty required by the Contract Documents, any of the Work is found to be not in accordance with the requirements of the Contract Documents, the Contractor shall correct it promptly after receipt of notice from the Owner to do so according to the requirements of

this Section 12.2.2 with no change in the GMP, unless the Owner has previously given the Contractor an explicit written acceptance of such condition. If the Contractor does not promptly in accordance with the provisions of this Section 12.2.2 initiate work to correct the Work designated in the notice, the Owner may proceed to correct the Work, the Owner may without further notice dispose of materials and equipment as it sees fit, and the Contractor will be liable for all associated costs. This correction period of one (1) year shall be extended with respect to portions of Work first performed after Substantial Completion by the period of time between Substantial Completion and the actual performance of the Work. This obligation shall survive acceptance of the Work under the Contract and termination of the Contract, is in addition to other warranties provided by contract or law, and does not establish a time limit for damages.

- .1 If, in the Owner's opinion, the nonconforming Work either prevents the use of a portion of the facility and/or immediate response is required to prevent further damage or to restore security to prevent external entrance, and/or is a safety hazard (e.g., break in the waterline, sprinkler system failure, failure of the heating system, inability to close or lock exterior door, etc.), the Contractor shall initiate corrective Work on site the same day if the Contractor is notified prior to noon, or by noon the following day if notified after noon, and shall complete corrective action within 48 hours.
- .2 If, in the Owner's opinion, the nonconforming Work has the potential of becoming a safety hazard, of affecting internal security, or of limiting the use of the facility (e.g., potential loss of heat in a single classroom, failure of one or more plumbing fixtures, loose carpet seam in corridor, interior door lock not working, etc.), the Contractor shall initiate corrective Work on site within two (2) working days and shall complete corrective action within five (5) working days.
- .3 If, in the Owner's opinion, the nonconforming Work does not have an impact on the use of the building, but must be fixed, (e.g., interior door closer broken, window cracked, wall covering seam coming loose, etc.), the Contractor shall initiate corrective Work on site within fourteen (14) days and shall complete corrective action within twenty-eight (28) days.

§ 12.2.2.2 The one-year period for correction of Work shall be extended with respect to portions of Work first performed after Final Completion by the period of time between Final Completion and the actual completion of that portion of the Work.

§ 12.2.2.3 The one-year period for correction of Work shall be extended by corrective Work performed by the Contractor pursuant to this Section 12.2.

§ 12.2.3 The Contractor shall remove from the site portions of the Work that are not in accordance with the requirements of the Contract Documents and are neither corrected by the Contractor nor accepted by the Owner.

§ 12.2.4 The Contractor shall bear the cost of correcting destroyed or damaged construction of the Owner or Separate Contractors, whether completed or partially completed, caused by the Contractor's correction or removal of Work that is not in accordance with the requirements of the Contract Documents.

§ 12.2.5 Nothing contained in this Section 12.2 shall be construed to establish a period of limitation with respect to other obligations the Contractor has under the Contract Documents. Establishment of the one-year period for correction of Work as described in Section 12.2.2 relates only to the specific obligation of the Contractor to correct the Work, and has no relationship to the time within which the obligation to comply with the Contract Documents may be sought to be enforced, nor to the time within which proceedings may be commenced to establish the Contractor's liability with respect to the Contractor's obligations other than specifically to correct the Work.

§ 12.3 Acceptance of Nonconforming Work

If the Owner prefers to accept Work that is not in accordance with the requirements of the Contract Documents, the Owner may do so instead of requiring its removal and correction, in which case the GMP will be reduced, in the Owner's sole discretion, by the greater of the (1) cost of correction or (2) diminution of value of the Work that is not in accordance with the requirements of the Contract Documents. Such adjustment shall be effected whether or not final payment has been made.

ARTICLE 13 MISCELLANEOUS PROVISIONS

§ 13.1 Governing Law

The Contract shall be governed by the internal law of the State of Washington, excluding that jurisdiction's choice of law rules. The venue for any litigation shall be in Superior Court in the county in which the project is located.

§ 13.2 Successors and Assigns

§ 13.2.1 The Owner and Contractor respectively bind themselves, their partners, successors, assigns, and legal representatives to the other party hereto and to partners, successors, assigns and legal representatives of such other party in respect to covenants, agreements, and obligations contained in the Contract Documents. Except as provided in Section 13.2.2, neither party to the Contract shall assign the Contract as a whole without written consent of the other. If either party attempts to make an assignment without such consent, that party shall nevertheless remain legally responsible for all obligations under the Contract. The Contractor also shall not assign to any third party any Claims it may have against the Owner arising under the Contract or otherwise related to the Project.

§ 13.2.2 The Owner may, without consent of the Contractor, assign the Contract to an entity providing construction financing for the Project, if the entity assumes the Owner's rights and obligations under the Contract Documents. The Contractor shall execute all consents reasonably required to facilitate the assignment.

§ 13.2.3 If a majority of the ownership or the control of Contractor is acquired by a third party, and such acquisition reasonably imperils performance or creates a conflict of interest that the Owner, in its sole discretion, cannot reconcile, then the Owner may terminate this Contract at any time pursuant to Section 14.2, except that the Owner shall give the Contractor thirty (30) days written notice of termination and the opportunity for the Contractor to cure prior to termination.

§ 13.3 Rights and Remedies

§ 13.3.1 Duties and obligations imposed by the Contract Documents and rights and remedies available thereunder shall be in addition to and not a limitation of duties, obligations, rights, and remedies otherwise imposed or available by law. The Contractor's sole remedy for Claims, disputes and other matters in question, direct or indirect, arising out of or relating to the Contract Documents or breach thereof, except Claims that have been waived under the terms of the Contract Documents, however, is the dispute resolution procedure of Article 15.

§ 13.3.2 No action or failure to act by the Owner, Architect, or Contractor shall constitute a waiver of a right or duty afforded them under the Contract, nor shall such action or failure to act constitute approval of or acquiescence in a breach thereunder, except as may be specifically agreed upon in writing.

§ 13.3.3 If any portion of this Contract is held to be void or unenforceable, the remainder of the Contract shall be enforceable without such portion.

§ 13.4 Tests and Inspections

§ 13.4.1 Tests, inspections, and approvals of portions of the Work shall be made at an appropriate time as required by the Contract Documents and by applicable laws, statutes, ordinances, codes, rules, and regulations or lawful orders of public authorities having jurisdiction. The Contractor shall plan and allow adequate time for all tests, inspections, and approvals, and shall not be entitled to an extension of the Contract Time for any delay associated with a test, inspection, or approval. Unless otherwise provided, the Contractor shall make arrangements for such tests, inspections, and approvals with an independent testing laboratory or entity acceptable to or provided by the Owner, or with the appropriate public authority, and the Owner shall bear all related costs of necessary tests, inspections, and approvals, except that the Contractor will be responsible for any costs of retesting and any extra costs caused by the Contractor. The Contractor shall give the Architect and the Owner timely notice of when and where tests and inspections are to be made so that the Architect and the Owner may be present for such procedures. The independent testing agency shall prepare the test reports, logs and certificates applicable to the specific inspections and tests and promptly and simultaneously deliver the specified number of copies of them to the designated parties. The Owner shall bear costs of tests, inspections, or approvals that do not become requirements until after bids are received or negotiations concluded. The Owner shall directly arrange and pay for tests, inspections, or approvals where building codes or applicable laws or regulations so require.

§ 13.4.2 If the Architect, Owner, or public authorities having jurisdiction determine that portions of the Work require additional testing, inspection, or approval not included under Section 13.4.1, the Architect will, upon written authorization from the Owner, instruct the Contractor to make arrangements for such additional testing, inspection, or approval, by an entity acceptable to the Owner, and the Contractor shall give timely notice to the Architect of when and where tests and inspections are to be made so that the Architect may be present for such procedures. Such costs, except as provided in Section 13.4.3, shall be at the Owner's expense.

§ 13.4.3 If procedures for testing, inspection, or approval under Sections 13.4.1 and 13.4.2 reveal failure of the portions of the Work to comply with requirements established by the Contract Documents, all costs made necessary by such failure, including those of repeated procedures and compensation for the Architect's services and expenses, shall be at the Contractor's expense.

§ 13.4.4 Required certificates of testing, inspection, or approval shall, unless otherwise required by the Contract Documents, be secured by the Contractor and promptly delivered to the Owner and the Architect.

§ 13.4.5 If the Architect is to observe tests, inspections, or approvals required by the Contract Documents, the Architect will do so promptly and, where practicable, at the normal place of testing.

§ 13.4.6 Tests or inspections conducted pursuant to the Contract Documents shall be made promptly to avoid unreasonable delay in the Work. ~~The Contractor shall provide the Owner and Architect at least forty-eight (48) hours' written notice prior to all tests and inspections.~~

§ 13.4.7 If the Owner is responsible under the Contract Documents, law or regulation to pay for an inspection of any inspector, consultant or Architect, the Owner shall be required to pay only for the first actual inspection. If the Contractor arranges for an inspection and an extra cost is incurred because the inspector is required to wait, to leave without inspecting, to perform a partial inspection, to return to complete or reinspect, or otherwise to expend time other than for the primary inspection, the Contractor shall be responsible for all such costs to the extent caused by the Contractor. If the Contractor does not pay the charges for which it is responsible within thirty (30) days of billing, the Owner has the option to pay the charges directly and backcharge the Contractor on the next progress payment for the amount paid plus a fifteen percent (15%) handling fee.

§ 13.4.8 No acceptance by the Owner of any Work shall be construed to result from any inspections, tests or failures to inspect or test by the Owner, the Owner's representatives, the Architect or any other person. No inspection, test, failure to inspect or test, or failure to discover any defect or nonconformity by the Owner, the Owner's representatives, the Architect or any other person shall relieve the Contractor of its responsibility for meeting the requirements of the Contract Documents or impair the Owner's right to reject defective or nonconforming items or right to avail itself of any other remedy to which the Owner may be entitled, notwithstanding the Owner's knowledge of the defect or nonconformity, its substantiality or the ease of its discovery. Entities performing inspections and/or testing do not have the authority to direct the Contractor's means and methods, including the Contractor's safety practices, and are not agents or representatives of the Owner or Architect. Inspections that meet code requirements shall not take precedent over more stringent requirements in the Contract Documents.

§ 13.5 Interest

Payments due and unpaid under the Contract Documents shall bear interest from the date payment is due at the rate the parties agree upon in writing.

§ 13.6 STATUTES AND OTHER REQUIREMENTS

The Contractor and all of its Subcontractors of any tier shall abide by the provisions of all applicable Washington State, federal, and local statutes and regulations. Although a number of statutes are referenced in the Contract Documents, these references are not meant to be a complete list and should not be relied upon as such.

§ 13.6.1 Contractor Registration and Related Requirements. Pursuant to RCW 39.06, "Registration, Licensing of Contractors," the Contractor shall be registered and licensed as required by the laws of the State of Washington, including but not limited to RCW 18.27, "Registration of Contractors." The Contractor shall also have a current state unified business identifier number; have industrial insurance coverage for the Contractor's employees working in Washington as required in Title 51 RCW; have an employment security department number as required in Title

50 RCW; have a state excise tax registration number as required in Title 82 RCW, and; not be disqualified from bidding on any public works contract under RCW 39.06.010 (unregistered or unlicensed contractors) or RCW 39.12.065(3) (prevailing wage violations).

§ 13.6.2 Law Against Discrimination and Equal Employment Opportunity. The Contractor shall comply with pertinent statutory provisions relating to public works of RCW 49.60, "Discrimination." The Contractor shall assume all responsibility and costs in complying with federal, state, and local regulations for equal employment opportunity and anti-discrimination. The Contractor shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, ethnic group, national origin, age, or sexual orientation. The Contractor shall take affirmative action to ensure that applicants are employed, and that applicants are treated during employment, without regard to that applicant's race, religion, color, sex, ethnic group, national origin, age, or sexual orientation. Such action shall include, but not limited to, employment, upgrading, demotion, transfer, recruitment, advertisement, layoff termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Contractor shall post in conspicuous places, available to employees and applicants for employment, notices setting forth the requirements of these non-discrimination provisions. The Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, religion, color, sex, ethnic group, national origin, age, sexual orientation, or gender identity.

§ 13.6.3 Provisions for Aged and Handicapped Persons. The Contractor shall comply with pertinent statutory provisions relating to public works of RCW 70.92, "Provisions in Buildings for Aged and Handicapped Persons," and the Americans with Disabilities Act.

§ 13.6.4 Safety Standards. The Contractor shall comply with pertinent provisions of RCW 49.17, "Washington Industrial Safety and Health Act," and Chapter 296-155 WAC, "Safety Standards for Construction Work."

§ 13.6.5 Unemployment Compensation. Pursuant to RCW 50.24, "Contributions by Employers," in general and RCW 50.24.130 in particular, the Contractor shall pay contributions for wages for personal services performed under this Contract or arrange for an acceptable bond.

§ 13.6.6 Drug-Free Workplace. The Contractor and all Subcontractors of any tier shall fully comply with all applicable federal, state, and local laws and regulations regarding drug-free workplace, including the Drug-Free Workplace Act of 1988. Any person not fit for duty for any reason, including the use of alcohol, controlled substances, or drugs, shall immediately be removed from the Work.

§ 13.6.7 Weapons-Free Environment. The Contractor and its employees, agents, and Subcontractors of any tier shall not bring onto the Project site or onto any Owner property any firearm or any other type of weapon described in either RCW 9.41.280(1) or RCW 9.41.250. ~~Any person violating this Section shall immediately be removed from the Work, and such a violation shall be grounds for a termination of this Agreement for cause at the Owner's discretion.~~

§ 13.6.8 Asbestos Removal. To the extent this Project involves asbestos removal, the Contractor shall comply with Chapter 49.26 RCW, "Health and Safety--Asbestos," and any provisions of the Washington Administrative Code promulgated thereunder, and the applicable section of the Specifications should be viewed for possible insurance required for the applicable Subcontractor.

ARTICLE 14 TERMINATION OR SUSPENSION OF THE CONTRACT

§ 14.1 Termination by the Contractor

§ 14.1.1 The Contractor may terminate the Contract if the Work is stopped for a period of sixty (60) consecutive days through no act or fault of the Contractor, a Subcontractor, a Sub-subcontractor, their agents or employees, or any other persons or entities performing portions of the Work, for any of the following reasons:

- .1 Issuance of an order of a court or other public authority having jurisdiction that requires all Work to be stopped;
- .2 An act of government, such as a declaration of national emergency, that requires all Work to be stopped;

- .3 Because the Architect has not issued a Certificate for Payment and has not notified the Contractor of the reason for withholding certification as provided in Section 9.4.1, or because the Owner has improperly not made payment on a Certificate for Payment within the time stated in the Contract Documents; or
- .4 The Owner has failed to furnish to the Contractor reasonable evidence as required by Section 2.2.

§ 14.1.2 The Contractor may terminate the Contract if, through no act or fault of the Contractor, a Subcontractor, a Sub-subcontractor, their agents or employees, or any other persons or entities performing portions of the Work, repeated suspensions, delays, or interruptions of the entire Work by the Owner as described in Section 14.3, constitute in the aggregate more than 100 percent (100%) of the total number of days scheduled for completion, or 120 days in any 365-day period, whichever is less.

§ 14.1.3 If one of the reasons described in Section 14.1.1 or 14.1.2 exists, the Contractor may, upon seven (7) days' notice to the Owner and Architect (during which period the Owner shall have the right and opportunity to cure), terminate the Contract and recover from the Owner payment for Work properly executed, as well as reasonable overhead and profit on Work executed, and reasonable, direct costs incurred by reason of such termination. The total recovery of the Contractor shall not exceed the unpaid balance of the GMP less remaining Contingency and the Contractor shall not be entitled to recover anticipated profit on Work not performed.

§ 14.1.4 If the Work is stopped for a period of sixty (60) consecutive days through no act or fault of the Contractor, a Subcontractor, a Sub-subcontractor, or their agents or employees or any other persons or entities performing portions of the Work because the Owner has repeatedly failed to fulfill the Owner's obligations under the Contract Documents with respect to matters important to the progress of the Work, the Contractor may, upon seven (7) additional days' notice to the Owner and the Architect (during which period the Owner shall have the right and opportunity to cure), terminate the Contract and recover from the Owner as provided in Section 14.1.3. The total recovery of the Contractor shall not exceed the unpaid balance of the GMP less remaining Contingency and the Contractor shall not be entitled to recover anticipated profit on Work not performed.

§ 14.2 Termination by the Owner for Cause

§ 14.2.1 The Owner may, upon seven (7) days' written notice to the Contractor, terminate (without prejudice to any right or remedy of the Owner) the Work or any portion of the Work or the Contract for cause if the Contractor

- .1 repeatedly refuses or fails to supply enough properly skilled workers or proper materials;
- .2 fails to make prompt payment to Subcontractors or suppliers in accordance with the respective agreements between the Contractor and the Subcontractors or suppliers;
- .3 fails to comply with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of a public authority having jurisdiction;
- .4 fails to prosecute the Work or any portion thereof with sufficient diligence to ensure the Substantial Completion or Final Completion of the Work within the Contract Time;
- .5 is adjudged bankrupt, makes a general assignment for the benefit of its creditors, or if a receiver is appointed on account of its insolvency; or
- .6 otherwise is guilty of a material or substantial breach of or default under a provision of the Contract Documents.

§ 14.2.2 When any of the reasons described in Section 14.2.1 exist, the Owner may, without prejudice to any other rights or remedies of the Owner and after giving the Contractor and the Contractor's surety, if any, seven (7) days' notice, terminate employment of the Contractor on all or a portion of the Work and may, subject to any prior rights of the surety:

- .1 Exclude the Contractor from the site and take possession of all materials, equipment, tools, and construction equipment and machinery thereon owned by the Contractor;
- .2 Accept assignment of subcontracts pursuant to Section 5.4;
- .3 Finish the Work by whatever reasonable method the Owner may deem expedient. Upon written request of the Contractor, the Owner shall furnish to the Contractor a detailed accounting of the costs incurred by the Owner in finishing the Work; and
- .4 Take or direct any or all of the actions in Section 14.5.1.

§ 14.2.3 When the Owner terminates the Contract for one of the reasons stated in Section 14.2.1, the Contractor shall not be entitled to receive further payment until the Work is finished.

§ 14.2.4 If the unpaid balance of the GMP exceeds costs of finishing the Work, including compensation for the Architect's services and expenses made necessary thereby, and other damages incurred by the Owner and not expressly waived, such excess shall be paid to the Contractor; provided that such payment shall not exceed the value of the Work actually completed and material supplied by the Contractor as of the date of termination. In no event shall the Contractor be entitled to compensation for Fees associated with Work not performed or anticipated profit or overhead on Work not performed. The remaining Contingency, if any, shall accrue to the Owner. If such costs and damages exceed the unpaid balance, the Contractor shall pay the difference to the Owner. This obligation for payment shall survive termination of the Contract.

§ 14.2.5 If the Owner terminates a portion of the Work, the Contractor shall continue the performance of the remainder of the Work in accordance with the Contract Documents to the extent not terminated.

§ 14.2.6 If, after the Contractor has been terminated pursuant to this Section 14.2 or otherwise for cause, it is determined that none of the circumstances set forth in Section 14.2.1 exists, then such termination shall be considered a termination for convenience pursuant to Section 14.4.

§ 14.3 Suspension by the Owner for Convenience

§ 14.3.1 The Owner may, without cause, order (without prejudice to any right or remedy of the Owner) the Contractor in writing to suspend, delay or interrupt the Work, in whole or in part for such period of time as the Owner may determine.

§ 14.3.2 The GMP and Contract Time shall be adjusted for changes in the cost and time caused by suspension, delay, or interruption under Section 14.3.1. Adjustment of the GMP shall be consistent with the terms of the Contract Documents. No adjustment shall be made to the extent

- .1 that performance is, was, or would have been, so suspended, delayed, or interrupted, by another cause for which the Contractor is responsible; or
- .2 that an equitable adjustment is made or denied under another provision of the Contract.

§ 14.4 Termination by the Owner for Convenience

§ 14.4.1 The Owner may, at any time, terminate (without prejudice to any right or remedy of the Owner) the whole or any portion of the Work or the Contract for the Owner's convenience and without cause.

§ 14.4.2 Upon receipt of notice from the Owner of such termination for the Owner's convenience, the Contractor shall

- .1 cease operations as directed by the Owner in the notice;
- .2 take actions necessary, or that the Owner may direct, for the protection and preservation of the Work; and
- .3 except for Work directed to be performed prior to the effective date of termination stated in the notice, terminate all existing subcontracts and purchase orders and enter into no further subcontracts and purchase orders.

§ 14.4.3 In case of such termination for the Owner's convenience, the Owner shall pay the Contractor consistent with the Contract Documents for Work properly executed and reasonable, direct costs necessarily incurred by reason of the termination, including costs attributable to termination of Subcontracts. The total sum to be paid to the Contractor under this Section 14.4 shall not exceed the GMP as reduced by the amount of payments otherwise made, by the larger of (1) the actual value or (2) the scheduled value of Work not terminated, and as otherwise permitted by this Contract. The amounts payable to the Contractor shall exclude the fair value of property which is destroyed, lost, stolen or damaged so as to become undeliverable to the Owner or to a buyer pursuant to Sections 14.5.1.6 or 14.5.1.7.

§ 14.5 EFFECTS OF TERMINATION BY OWNER

§ 14.5.1 Unless the Owner directs otherwise, after receipt of a notice of termination from the Owner pursuant to Section 14.2 or 14.4, the Contractor shall promptly:

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- .1 stop Work under the Contract on the date and as specified in the notice of termination;
 - .2 place no further orders or subcontracts for materials, equipment, services or facilities, except as may be necessary for completion of any portion of the Work that is not terminated;
 - .3 procure cancellation of all orders and subcontracts, upon terms acceptable to the Owner, to the extent that they relate to the performance of Work terminated;
 - .4 assign to the Owner all of the right, title and interest of the Contractor under all orders and subcontracts, as directed by the Owner, in which case the Owner shall have the right, in its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
 - .5 with the Owner's approval, settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts not assigned to the Owner;
 - .6 transfer title, and deliver to the entity or entities designated by the Owner, the fabricated or unfabricated parts, Work in process, partially completed supplies and equipment, materials, parts, tools, dies, jigs and other fixtures, completed Work, supplies and other material produced as part of, or acquired in connection with the performance of, the Work terminated, and the completed or partially completed plans, drawings, information and other property related to the Work;
 - .7 use commercially reasonable efforts to sell any property of the types referred to in Section 14.5.1.6. The Contractor shall not be required to extend credit to any buyer, and may acquire any such property under the conditions prescribed by and at a price or prices approved by the Owner, and the proceeds of any such transfer or disposition may be applied in reduction of any payments to be made by the Owner to the Contractor;
 - .8 take such action as may be necessary or as directed by the Owner to preserve and protect the Work and property related to this Project in the possession of the Contractor in which the Owner has an interest; and
 - .9 continue performance only to the extent not terminated.

§ 14.5.2 In arriving at any amount due the Contractor after termination, the following deductions shall be made:

- .1 all unliquidated advance or other prior payments on account made to the Contractor applicable to the terminated portion of the Contract;
- .2 any Claim the Owner may have against the Contractor;
- .3 an amount necessary to protect the Owner against outstanding or potential liens or claims; and
- .4 the agreed price for or the proceeds of sale of any materials, supplies or other things acquired by the Contractor or sold, pursuant to the provisions of Section 14.5.1.7, and not otherwise recovered by or credited to the Owner
- .5 remaining Contingency.

§ 14.5.3 If (and only if) the termination pursuant to Section 14.4 is partial, the Contractor may file a Claim for an equitable adjustment of the price or prices specified in the Contract relating to the continued portion of the Contract. Any Claim by the Contractor for an equitable adjustment under this Section must be asserted within sixty (60) days from the effective date of the partial termination.

§ 14.5.4 The Contractor shall refund to the Owner any amounts paid by the Owner to the Contractor in excess of costs reimbursable under the Contract Documents.

§ 14.5.5 The Contractor shall, from the effective date of termination until the expiration of three (3) years after final settlement under this Contract, preserve and make available to the Owner, at all reasonable times at the office of the Contractor, and without charge to the Owner, all books, records, documents, photographs and other evidence bearing on the costs and expenses of the Contractor under this Contract and relating to the terminated Work. The Owner may have costs reimbursable under this Article 14 audited and certified by independent certified public accountants selected by the Owner, who shall have full access to all the books and records of the Contractor.

§ 14.5.6 The damages and relief from termination by the Owner specifically provided in Article 14 shall be the Contractor's sole entitlement in the event of termination.

ARTICLE 15 CLAIMS AND DISPUTES

§ 15.1 Claims

§ 15.1.1 Definition

A Claim is a demand or assertion by one of the parties seeking, as a matter of right, adjustment or interpretation of the Contract terms, payment of money, a change in the Contract Time, or other relief with respect to the terms of the Contract. The term "Claim" also includes other disputes and matters in question between the Owner and Contractor arising out of or relating to the Contract Documents; provided, that a "Claim" shall not include the exercise by the Owner of its rights and remedies against the Contractor under the Contract Documents, including, but not limited to, its termination rights under Article 14 above. The responsibility to substantiate Claims shall rest with the party making the Claim. This Section 15.1.1 does not require the Owner to file a Claim in order to impose liquidated damages in accordance with the Contract Documents. Claims must be initiated in writing and include the information and substantiation required by the Contract Documents. Neither a Request for Information, nor a Construction Change Directive, nor a Change Order, nor a reservation of rights, nor minutes of a meeting, nor a daily report, nor any log entry, nor an Owner's request for or the Contractor's response to a Change Order proposal or a proposal request, nor a notice of a potential or future Claim shall constitute a Claim.

§ 15.1.2 Time Limits on Claims

The Owner and Contractor shall commence all Claims and causes of action against the other and arising out of or related to the Contract, whether in contract, tort, breach of warranty or otherwise, in accordance with the requirements of the binding dispute resolution method selected in the Agreement and within the period specified by applicable law and within the time limits identified in the Contract Documents.

§ 15.1.3 § 15.1.3.1 § 15.1.3.2

§ 15.1.4 Continuing Contract Performance

§ 15.1.4.1 Pending final resolution of a Claim, including the dispute resolution process, and except as otherwise agreed in writing or as provided in Section 9.7 and Article 14, the Contractor shall proceed diligently with performance of the Contract and maintain the Contractor's construction schedule, and the Owner shall continue to make payments of undisputed amounts in accordance with the Contract Documents.

§ 15.1.4.2

§ 15.1.5 Claims for Additional Cost

If the Contractor wishes to make a Claim for an increase in the GMP, written notice as provided in this Article 15 shall be given before proceeding to execute the portion of the Work that is the subject of the Claim, and a written Claim must be made in accordance with this Article 15, or it will be waived. If the Contractor believes additional cost is involved for reasons including but not limited to (1) a written interpretation from the Architect, (2) an order by the Owner to stop the Work where the Contractor was not at fault, (3) a written order for a minor change in the Work issued by the Architect, (4) failure of payment by the Owner, (5) termination of the Contract by the Owner, (6) Owner's suspension or (7) other reasonable grounds, a Claim shall be filed in accordance with this Article 15. The Contractor shall not be entitled to an increase in the GMP or Contract Time arising out of an error or conflict in or among the Contract Documents where the Contractor failed adequately to review the Contract Documents or failed timely to report the error or conflict to the Architect and Owner in a timely manner consistent with the requirements of the Contract Documents. Prior notice is not required for Claims relating to an emergency endangering life or property arising under Section 10.4.

§ 15.1.6 Claims for Additional Time

§ 15.1.6.1 If the Contractor wishes to make a Claim for an increase in the Contract Time, written notice as provided in this Article 15 shall be given, and a written Claim must be made in accordance with Article 15, or it will be waived. The Contractor's Claim shall include an estimate of any cost and of probable effect of delay on progress of the Work. In the case of a continuing delay, only one Claim is necessary. Any adjustment in the Contract Time arising from a Change or a Claim shall be limited to the change in the actual critical path of the Project directly caused thereby. If the delay was not caused by the Owner, the Contractor, a Subcontractor of any tier, or the Architect, or anyone acting on behalf of any of them, the Contractor is entitled only to an increase in the Contract Time in accordance with the Contract Documents but not a change in the GMP. If the delay was caused by the Contractor, a Subcontractor of any tier, or anyone acting on behalf of any of them, the Contractor is not entitled to an increase in the Contract Time or in the GMP.

§ 15.1.6.2 If adverse weather conditions are the basis for a Claim for additional time, such Claim shall be documented by data substantiating that weather conditions were abnormal for the period of time, could not have

been reasonably anticipated, and had an adverse effect on the scheduled construction, and that the Work was on schedule (or not behind schedule through the fault of the Contractor) at the time the adverse weather conditions occurred. Neither the Contract Time nor the GMP will be adjusted for normal inclement weather. The Contractor shall be entitled to a change in the Contract Time only (but not a change in the GMP) if the Contractor can substantiate to the reasonable satisfaction of the Owner and Architect that there was materially greater than normal inclement weather considering the full term of the Contract Time and using a ten (10) year average of accumulated record mean values from climatological data compiled by the U.S. Department of Commerce National Oceanic and Atmospheric Administration for the locale closest to the Project, and that the alleged abnormal inclement weather actually extended the critical path of the Work. The substantiated change in the Contract Time shall be provisional until Substantial Completion has been achieved, at which time the change in the Contract Time shall be calculated as the number of calendar days lost due to inclement weather from commencement of the Work until Substantial Completion less the total net accumulated number that reasonably should have been expected for the same period based on the historical data.

§ 15.1.6.2.1 The Contractor shall: keep detailed onsite logs to substantiate the actual weather conditions and site conditions, including temperature, precipitation, snow or ice cover, wind and similar environmental data; and document the number of personnel onsite, their activities and time periods for those activities, and the specific days and times when adverse weather prevented Work from occurring, and why or how it prevented work from occurring.

§ 15.1.6.2.2 To be eligible for a time extension to the Contract due to adverse weather, the Contractor must have been prevented from working for fifty percent (50%) of more of the Contractor's scheduled Work effort for that day, such day must have included at least four (4) hours of scheduled Work between the hours of 8:00 am and 5:00 pm, the Work delayed must be on the critical path of the Contractor's construction schedule, and such Work could not be mitigated by reasonable action on the part of the Contractor. Furthermore, at least one of the following elements must be present: rainfall in excess of 0.10 inches on that day; snowfall in excess of 1.0 inches on that day; an average temperature on that day of less than 20 degrees Fahrenheit; or sustained wind speeds on that day in excess of 25 miles per hour.

§ 15.1.6.2.3 Requests for time extensions and the Work of separate Contractors will be considered independently, since a delay to one may or may not affect the others. A time extension to one separate Contractor does not imply that a similar time extension will also be granted to the other separate Contractors, although requests will be considered from a Subcontractor not directly delayed by adverse weather who can substantiate that the delayed Work of another Subcontractor will affect the timely completion of the Work. The Contractor must, with each Application for Payment, notify the Architect and the Owner of the number of adverse weather days claimed during the period covered by such Application for Payment. Claims based on days not included in such Application for Payment shall be deemed waived.

§ 15.1.7 Waiver of Claims for Consequential Damages

The Contractor and Owner waive Claims against each other for consequential damages arising out of or relating to this Contract. This mutual waiver includes without limitation:

- .1 damages incurred by the Owner for rental expenses, income, profit, financing, business and reputation, and for loss of management or employee productivity or of the services of such persons; and
- .2 damages incurred by the Contractor for principal and home office overhead and expenses including without limitation the compensation of personnel stationed there, for losses of financing, business and reputation, for losses on other projects, for interest or financing costs, and for loss of profit (including anticipated profit arising directly from the Work).

This mutual waiver is applicable, without limitation, to all consequential damages due to either party's termination in accordance with Article 14. Nothing contained in this Section 15.1.7 shall be deemed to preclude assessment of liquidated damages, when applicable, in accordance with the requirements of the Contract Documents. Nothing in this Section 15.1.7 shall be deemed to preclude an obligation of the Contractor to indemnify the Owner for direct, indirect, or consequential damages alleged by a third party.

§ 15.1.8 False Claims

The Contractor shall not make any negligent or fraudulent misrepresentations, concealments, errors, omissions, or inducements to the Owner in the formation or performance of this Agreement. If the Contractor or a Subcontractor of any tier submits a false or frivolous Claim to the Owner, which for purposes of this Section is defined as a Claim based in whole or in part upon a materially incorrect fact, statement, representation, assertion, or record, the Owner shall be entitled to collect from the Contractor by offset or otherwise (without prejudice to any right or remedy of the Owner) any and all costs and expenses, including investigation and consultant costs, incurred by the Owner in investigating, responding to, and defending against such false or frivolous Claim.

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- § 15.2
- § 15.2.1
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- § 15.2.3
- § 15.2.4
- § 15.2.5
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- § 15.2.6.1
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- § 15.2.8
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- § 15.4.4
- § 15.4.4.1

- § 15.4.4.2
- § 15.4.4.3

§ 15.5 RESOLUTION OF CLAIMS AND DISPUTES

§ 15.5.1 In an effort to reduce the incidence and costs to all parties of extended disputes, all Claims, direct or indirect, arising out of, or relating to, the Contract Documents or the breach thereof, except Claims which have been waived under the terms of the Contract Documents, shall be decided exclusively by the following alternative dispute resolution procedure unless the parties mutually agree in writing otherwise. To the extent that the Owner and Contractor agree to a partnering process to help resolve disputes, such process shall be in addition to, and not in place of, the mandatory dispute resolution procedures in the Contract Documents.

§ 15.5.2 Except for Claims requiring notice before proceeding with the affected Work as otherwise described in the Contract Documents, the Contractor shall submit a written notice of any Claim to the Owner and the Architect within fourteen (14) days of the occurrence of the event giving rise to such Claim and shall include a clear description of the event leading to or causing the Claim. For all Claims, the Contractor shall submit a written Claim as provided herein within thirty (30) days of submitting the notice. Claims shall include a clear description of the Claim and any proposed change in the GMP (showing all components and calculations) and/or Contract Time (showing cause and analysis of the resultant delay in the critical path and other information referenced in Section 8.3.2) and shall provide all data supporting the Claim, including without limitation a complete explanation as to why the relief sought is not within the scope of the Contract Documents. The Contractor may delay submitting data by an additional fourteen (14) days if it notifies the Owner in its Claim that substantial data must be assembled. Failure to properly submit the notice or Claim shall constitute waiver of the Claim. The Claim shall be deemed to include all changes, direct and indirect, in cost and in time to which the Contractor (and Subcontractors of any tier) is entitled and may not contain reservations of rights without the Owner's written approval; any such unapproved reservations of rights shall be without effect. Any Claim of a Subcontractor of any tier may be brought only through, and after

review by, the Contractor. For the purposes of calculating such time periods, an “event giving rise to a Claim,” among other things, is not a Request for Information but rather is a response that the Contractor believes would change the GMP and/or Contract Time. The fact that the Owner and the Contractor may consider, discuss or negotiate an untimely or waived Claim shall in no way be deemed to constitute a waiver of any notice or other provisions of the Contract Documents.

§ 15.5.3 Notice and Claims. All notices and Claims shall be made in writing as required by the Contract. Any notice of a Claim of the Contractor against the Owner and any Claim of the Contractor, whether under the Contract or otherwise, must be made pursuant to and in strict accordance with the applicable provisions of the Contract. No act, omission, or knowledge, actual or constructive, of the Owner or the Architect shall in any way be deemed to be a waiver of the requirement for timely written notice and a timely written Claim unless the Owner and the Contractor sign an explicit, unequivocal written waiver approved by the Owner's Board of Directors. The fact that the Owner and the Contractor may consider, discuss, or negotiate a Claim that has or may have been defective or untimely under the Contract shall not constitute a waiver of the provisions of the Contract Documents unless the Owner and Contractor sign an explicit, unequivocal waiver approved by the Owner's Board of Directors. The Contractor expressly acknowledges and agrees that the Contractor's failure to timely submit required notices and/or timely submit Claims has a substantial impact upon and prejudices the Owner, including but not limited to the inability to fully investigate or verify the Claim, mitigate damages, choose alternative options, adjust the budget, delete or modify the impacted Work, and/or monitor time, cost and quantities. For these and other reasons, the Contractor and Owner agree that the Owner is prejudiced by the Contractor's failure to timely submit notices and/or Claims and the Owner shall not be required to prove or establish actual prejudice to enforce the notice or Claim provisions of the Contract.

§ 15.5.4 Upon receipt of a Claim against the Contractor or at any time thereafter, the Architect or the Owner may, but are not obligated to, notify the surety, if any, of the nature and amount of the Claim. If the Claim relates to a possibility of a Contractor's default, the Architect or the Owner may, but is not obligated to, notify the surety and request the surety's assistance in resolving the controversy.

§ 15.5.5 At any time following the Owner's receipt of the written Claim, the Owner may require that an officer of the Contractor, a principal of the Architect, and the Owner's designee (all with authority to settle) meet, confer, and attempt to resolve the Claim. If the Claim is not resolved during such meeting, the Contractor may bring no litigation against the Owner unless the Claim is first subject to nonbinding mediation as described in this Article 15. This requirement cannot be waived except by an explicit written waiver signed by the Owner and the Contractor.

§ 15.5.6 In the event of a Claim against the Contractor, the Owner may, but is not obligated to, notify the surety, if any, of the nature and amount of the Claim. If the Claim relates to a possibility of a Contractor's default, the Owner may, but is not obligated to, notify the surety and request the surety's assistance in resolving the controversy.

§ 15.5.7 If a Claim relates to or is the subject of a mechanic's lien, the party asserting such Claim may proceed in accordance with applicable law to comply with the lien notice or filing deadlines.

§ 15.5.8 In accordance with RCW 39.10.350, the Owner will respond to any Claims no later than sixty (60) calendar days after the receipt by the Owner of related documentation from the Contractor. If the Owner does not respond in writing to a Claim within sixty (60) days, the request is deemed denied

§ 15.6 Mediation

§ 15.6.1 Claims, disputes, or other matters in controversy arising out of or related to the Contract, except those waived pursuant to the terms of the Contract Documents, shall be subject to mediation as a condition precedent to binding dispute resolution. This requirement cannot be waived except by an explicit written waiver signed by the Owner and the Contractor.

§ 15.6.2 The parties shall endeavor to resolve their Claims by mediation. A request for mediation shall be filed in writing with the other party to the Contract, and the parties shall promptly attempt to mutually agree upon a mediator. If the parties have not reached agreement on a mediator within thirty (30) days of the request, either party may file the request with the American Arbitration Association (“AAA”) in accordance with its Construction Industry Mediation Procedures currently in effect, with a copy to the other party, and the mediation shall be

administered by the AAA. Mediation shall proceed in advance of binding dispute resolution proceedings, which shall be stayed pending completion of mediation, unless stayed for a longer period by agreement of the parties or court order.

§ 15.6.3 The parties to the mediation shall share the mediator's fee and any filing fees equally. The mediation shall be held in Seattle, Washington, unless another location is mutually agreed upon. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

§ 15.6.4 An officer of the Contractor and the Owner's designee must attend the mediation session with authority to settle the Claim. To the extent there are other parties in interest, such as the Architect or Subcontractors, their representatives, also with authority to settle the Claim, shall also attend the mediation session. Unless the Owner and the Contractor mutually agree in writing otherwise, all unresolved Claims shall be considered at a single mediation session that shall occur after Substantial Completion but prior to Final Acceptance by the Owner.

§ 15.7 Litigation

§ 15.7.1 Any disputes that are not resolved through negotiations or mediation shall be resolved by litigation and not by arbitration. The Contractor may bring no litigation on Claims unless such Claims have been properly raised and considered in the procedures of this Article 15. The Contractor shall have the burden to demonstrate in any litigation that it has complied with all requirements of this Article 15. All unresolved Claims of the Contractor shall be waived and released unless the Contractor has complied with the time limits of the Contract Documents, and litigation is served and filed within the earlier of (a) 120 days after the date of Substantial Completion approved in writing by the Owner or (b) sixty (60) days after Final Acceptance. This requirement cannot be waived except by an explicit written waiver signed by the Owner and the Contractor. The pendency of a mediation (the time period between receipt by the non-requesting party of a written mediation request and the date of mediation) shall toll these deadlines until the earlier of the mediator providing written notice to the parties of impasse or thirty (30) days after the date of the mediation session. Neither the Contractor nor a Subcontractor of any tier, whether claiming under a bond or lien statute or otherwise, shall be entitled to attorneys' fees directly or indirectly from the Owner (but may recover attorneys' fees from the bond or statutory retainage fund itself to the extent allowable under law).

§ 15.7.2 The Owner may join the Contractor as a party to any litigation or arbitration involving the alleged fault, responsibility, or breach of contract of the Contractor or Subcontractor of any tier.



Scorecard for GC/CM Selection for Replacement Hospital

Proposing Company:	Bouten Construction	Graham Construction	Jackson Contractor Group	Klewit	Layton Construction	Lease Crutcher Lewis	Swinerton Construction
Qualification Scoring							
Workload & Project Understanding	5	5	5	5	4	5	4
Background & Values	5	5	5	5	4	5	3
Company Experience	10	9	9	3	8	10	3
Project Personnel	15	15	15	5	8	7	5
Regional Experience, Knowledge, Proximity	10	10	10	6	3	10	3
Budget/Contingency	10	9	10	9	9	9	9
Project Schedule	10	10	10	9	9	9	9
Estimating Method	10	9	6	6	6	6	3
USDA Experience	5	5	4	4	4	5	4
Documentation Management	5	4	4	3	3	4	3
Project Approach	10	9	10	6	5	10	9
Accident Prevention	5	4	5	4	4	5	6
Total SOQ Points:	100	94	91	65	68	85	77

SOQ scoring does not contribute to final selection score.

Interview Scoring		Bouten Construction	Graham Construction	Layton Construction
Presentation	100	95	79	86
Question & Answer	100	93	82	84
Total Interview Points:	200	188	161	170

Fee Scoring		Bouten Construction	Graham Construction	Layton Construction
Fee %		4.55%	3.75%	5.00%
Fee based on estimated MACC of:	\$44,600,000	\$2,029,300.00	\$1,672,500.00	\$2,230,000.00
Lump Sum Specified General Conditions		\$1,918,574.00	\$952,000.00	\$1,294,321.00
Subtotal:		\$3,947,874.00	\$2,624,500.00	\$3,524,321.00
Lowest Fee:		\$2,624,500.00	\$2,624,500.00	\$2,624,500.00
% Above Lowest Fee:		50.42%	0.00%	34.29%
Point Reduction:		50.42	0.00	34.29
Fee Points:	100	49.58	100.00	65.71

Total Interview & Fee Points:	300	237.43	260.71	235.71
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PMH - Bouten MACC Bid Package Breakdown

8/23/22

1. BP-01 Earthwork & Site Utilities
2. BP-02 Building Concrete
3. BP-03 Structural Steel Supply
4. BP-04 Structural Steel Erect
5. BP-05 Metal Building
6. BP-06 Applied Fireproofing
7. BP-07 Masonry
8. BP-08 EIFS
9. BP-09a Roofing
10. BP-09b Sheet Metal/Flashing
11. BP-10 Metal Panel
12. BP-17 Framing, Drywall, Insulation

8/25/22

1. BP-11 Glazing/Storefront/ICU Doors
2. BP-13 Casework & Millwork
3. BP-14 Door & Hardware Supply
4. BP-16 Overhead Coiling Doors
5. BP-18 Floor Coverings
6. BP-19 Terrazzo Flooring
7. BP-20 Ceramic Tile
8. BP-21 Acoustical Ceilings and Treatments
9. BP-29 HVAC & Plumbing (Pre-approved MCCM)
10. BP-30 Electrical & Systems (Pre-approved ECCM)

8/30/22

1. BP-12 General Works
2. BP-15 Door & Hardware Install
3. BP-22 Paints and Coatings
4. BP-23 Wall Coverings
5. BP-24 Interior Specialties
6. BP-25 Window Coverings
7. BP-26 Elevators
8. BP-27 Pneumatic Tube
9. BP-28 Fire Suppression
10. BP-31 Asphalt Paving and Markings
11. BP-32 Site Concrete
12. BP-33 Landscape & Irrigation (Design-Build)
13. BP-34 Fencing



EC/CM Proposal *(revised)*

Project: Prosser Memorial Replacement Hospital
Location: Prosser, WA
Date: July 19, 2022

Proposal: 21-0047

Garrett Electric is pleased to provide a Guaranteed Maximum Price (GMP) proposal as the Electrical Contractor, Construction Manager (EC/CM) on the above reference project as outlined below.

Scope of Work

All electrical work specifically identified in the Contract Documents as defined herein.

Drawings: Construction Documents set dated 01/24/2022, Electrical and Technology + Security plans
Specifications: Volume 2 Division 26, Division 27, Division 28
Addenda: Addendum 1 dated 03/04/22, Addendum 2 dated 03/25/22, Addendum 3 dated 04/05/22

Proposal Qualifications:

1. Field labor wages are based on a Prevailing Wage determination date of April 15, 2022. **Excludes wage increase that will be effective 08/31/22.**
2. Contract Documents shall be provided in CAD format for our use in total station layout of electrical installations. Proposal assumes construction of the project will conform to these documents.
3. AutoCAD and Revit files of the Contract Documents shall be provided at no cost contrary to the fees outlined in the specifications.

Specific Inclusions

1. Building information modeling (BIM) support for inter-trade coordination
2. Electrical permit and inspection fees
3. Building electrical power and lighting systems complete
4. Emergency generators and transfer switches
5. Site electrical utility and data provisions
6. Site lighting including pole bases – precast, standard 24" diameter
7. Vaults and handholes as required
8. Ceiling wires for light fixtures
9. Telecommunications and data cabling
10. Audio-video system
11. Public address system
12. Sound masking system
13. Nurse call system
14. Clock system
15. Rescue assistance system
16. Access control system
17. Video intercom system
18. Video surveillance system
19. Infant protection system
20. Fire detection and alarm system
21. One-year standard material and workmanship warranty
22. Specified general conditions
23. ECCM fee
24. Payment and performance bond

Specific Exclusions

1. Any and all work not specifically identified herein
2. Any and all overtime labor
3. Temporary power and lighting (see allowance)
4. Temporary heat and specified temporary power requirements not typically provided by the electrical contractor
5. Excavation, trenching, and backfill
6. Asphalt / concrete cut and repair
7. Concrete encasement at all locations including duct banks, raceways under roadways, and transitions from steel to PVC raceways. If concrete encasement is to be used, all raceways shall be PVC. Concrete and reinforcement by general contractor.
8. Duplex receptacles at the light poles per specifications. None shown on the drawings and no circuits provided.
9. Licensed land surveyor for pole locations. Poles to be located by competent person using a total station.
10. Protective bollards required at any location
11. Concrete pads for site equipment
12. Housekeeping pads

Olsson Industrial Electric, Inc.
dba Garrett Electric

284 Wellsian Way
Richland, WA 99352

509.946.5656

garrettelect.com

WA License: OLSOIE19KM
OR License: 20-241C
OR CCB: 63473



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13. Building ground ring, not required by code (see alternate)
14. Lightning protection (see alternate)
15. Exterior building light strip identified as fixture type S2 (see alternate)
16. Third party engineering including, but not limited to, engineering specified for standard conduit supports and pole bases. Seismic bracing engineering is included.
17. Concrete warning planks above underground ducts (see alternate)
18. PVC coated GRC conduit. Conduit penetrations through concrete not subject to future damage shall be PVC. In general, all underground raceways shall be PVC. (see alternate)
19. Extra cable for future fixture relocation. Standard building practices included.
20. Fuel for generator initial fill of 4,000 gallons (see allowance)
21. Permanently installed load banks (none called for in design)
22. Sealing of building envelope penetrations including roof jacks
23. Backing and blocking including telecom backboards
24. Distributed antenna system (DAS) / Emergency radio system (ERRC) (by Owner)
25. Firestop record drawings
26. Drywall cutting, patching, or repair
27. Painting and finishes
28. HVAC controls conduit and wiring
29. Warranties beyond one-year standard material and workmanship with exception of manufacturer warranties
30. Utility fees including those specified to be paid by the electrical contractor
31. Bonding of sub-tier subcontractors (see allowance)
32. Taxes including, but not limited to, Washington State sales tax

Excavation Quantities (by others)

1. Main Electrical Room: 35'W x 40'L x 12" below bottom of footing
2. Electrical Room: 15'W x 25'L x 24"D
3. Electrical Room: 10'W x 15'L x 24"D
4. Feeder Trenching: 800LF x 24"W x 24"D

Proposal Pricing

The following pricing is based on receiving Notice to Proceed 10/14/22:

- | | |
|-----------------------------|------------------|
| 1. Guaranteed Maximum Price | \$ 15,205,929.00 |
|-----------------------------|------------------|

Allowances

- | | |
|--|--------------|
| 1. Generator fuel: 4,000 gallons | \$ 20,000.00 |
| 2. Temporary power and lighting | 60,000.00 |
| <ul style="list-style-type: none"> – One (1) 800A 120/208V service for job trailers – One (1) 800A 277/480V service for construction power – Full connection of general contractor job trailer – Labor for connection of trade trailers using cords and equipment provide by them – Two (2) exterior temporary power skids – Four (4) interior temporary power skids – Egress lighting – Power distribution boxes adequate to meet typical needs – All equipment remains property of Garrett Electric | |
| 3. Sub-tier bonding for subcontracts greater than \$300,000.00 if required for EC/CM sub-tiers | 119,118.00 |

Alternates

The following alternates are offered for consideration. All alternates indicated as rough order of magnitude (ROM) pricing will required further detailed review prior to setting final pricing.

- | | |
|---|-------------------|
| 1. Lighting value engineering package (excludes type S2) | \$ (293,838.00) |
| 2. Lighting fixture type S2 (add) | 76,307.00 |
| 3. Lighting fixture type WG1 (delete) | (16,261.00) |
| 4. Building ground ring (excludes excavation) | 21,963.00 |
| 5. Lightning protection | 109,100.00 |
| 6. Concrete warning planks at underground ducts | 373,380.00 |
| 7. PVC coated GRC conduit at slab penetrations | 17,502.00 |
| 8. Audio-video system reduced features | (ROM) (32,327.00) |
| 9. TV distribution over coax vs CAT6 | (ROM) (50,400.00) |
| 10. PA system control via OFOI phone system in lieu of standalone master controls | (ROM) (11,200.00) |



Alternates (continued)

11. Sound masking over PA system at hospital area	(ROM)	(6,386.00)
12. Nurse call reduced duty stations and software	(ROM)	(22,400.00)
13. Nurse call change to Responder 5000 vs Responder 5		(89,600.00)

Thank you for the opportunity to offer this proposal. We look forward to reviewing this with you in further detail.

Sincerely,

GARRETT ELECTRIC

Nick Naccarato
General Manager

Olsson Industrial Electric, Inc.
dba Garrett Electric

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Proposal Summary



Project: PMH Replacement Hospital
 Proposal: 21-0047
 Date: 07/19/22

Item	Description	Labor	Material	Vendors	Subcontracts	Total
Electrical Scope						
1	Site service	\$ 13,583.00	\$ 4,405.00	\$ -	\$ -	\$ 17,988.00
2	Electric vehicle chargers	6,272.00	1,160.00	-	-	7,432.00
3	Site lighting	85,201.00	68,591.00	-	-	153,792.00
4	Site pole bases	65,621.00	35,578.00	26,460.00	-	127,659.00
5	Site low voltage raceways + vaults	182,662.00	144,697.00	28,995.00	-	356,354.00
6	Switchgear + panels (North Coast)	98,519.00	10,730.00	1,079,364.00	-	1,188,613.00
7	Generators + ATS (Cummins)	29,282.00	14,144.00	767,175.00	-	810,601.00
8	Feeders	679,669.00	565,752.00	-	-	1,245,421.00
9	Branch power	1,825,034.00	523,092.00	-	-	2,348,126.00
10	Branch mechanical	507,238.00	216,086.00	-	-	723,324.00
11	Grounding	14,465.00	12,229.00	-	-	26,694.00
12	Lighting + controls (Stoneway)	667,850.00	75,555.00	1,149,943.00	-	1,893,348.00
13	Seismic bracing	14,112.00	-	30,000.00	-	44,112.00
14	Commissioning support	28,224.00	-	-	-	28,224.00
15	-	-	-	-	-	-
16	Subtotal					\$ 8,971,688.00
Low Voltage Systems						
17	Structured cabling (Interwest)	\$ 234,259.00	\$ 133,139.00	\$ -	\$ 568,723.00	\$ 936,121.00
18	Audio-video (Open Square)	36,338.00	31,386.00	-	262,863.00	330,587.00
19	Television distribution (EVCO)	-	-	-	119,000.00	119,000.00
20	Public address (EVCO)	37,661.00	2,500.00	-	150,000.00	190,161.00
21	Sound masking (Open Square)	-	-	-	42,202.00	42,202.00
22	Nurse call (EVCO)	90,317.00	16,122.00	-	373,000.00	479,439.00
23	Clocks (Interwest)	-	-	-	50,929.00	50,929.00
24	Rescue assistance (EVCO)	-	-	-	12,000.00	12,000.00
25	Access control, security (Interwest)	82,555.00	15,348.00	-	445,349.00	543,252.00
26	Infant protection (Convergint)	-	-	-	118,488.00	118,488.00
27	Fire detection + alarm (JCI)	253,487.00	71,194.00	-	239,813.00	564,494.00
28	-	-	-	-	-	-
29	-	-	-	-	-	-
30	Subtotal					\$ 3,386,673.00
General Requirements						
31	Negotiated support services	\$ 1,007,501.00	\$ 125,660.00	\$ -	\$ -	\$ 1,133,161.00
32	Permitting	-	15,000.00	-	-	15,000.00
33	Hoisting, rigging + equipment	-	116,475.00	-	5,000.00	121,475.00
34	-	-	-	-	-	-
35	Subtotal					\$ 1,269,636.00

Maximum Allowable Subcontract Cost (MASC)		\$ 13,627,997.00
Fee	12.0%	1,635,360.00
Less fee on increases since April 2022		(57,428.00)
Total Proposal		\$ 15,205,929.00



Bid Leveling Worksheet (R1)

PMH Replacement Hospital
GCM-022-0090

Scope / Bid Package: Switchgear + Panels Reviewer: SES

	+17%	+8%	+58%	+5%	+10%
Bidder	NorthCoast	Platt	Stoneway	CED	WESCO
Total Base Bid	\$ 1,077,063.33	\$ 1,348,271.00	\$ 1,404,000.00	\$ 1,394,823.00	\$ 1,428,063.44
Base Bid + Leveling	\$ 1,079,363.33	\$ 1,355,133.73	\$ 1,414,000.00	\$ 1,394,823.00	\$ 1,428,063.44
Low Bid Variance	Low Bid	275,770.40	334,636.67	315,459.67	348,700.11
Scope leveling					
UL Certification	\$ 2,300.00	Included	Included	Included	Included
Include Term Cabinet Expedited (-20 weeks)	Included	6,862.73	10,000.00	Included	Included
EMS	-	-	-	-	not offered
EMS	Included	Included	Included	Included	Included
Factory start-up + commissioning	Included	Included	Included	Included less Cx	Included
Arc flash study + labels	Included	Included	Included	Included	Included
Coordination Study	Included	Included	Included	Included	Included
GFI Testing	Included	Included	Included	Included	Included
Injection Testing	Excluded	Included	Included	Excluded	Included
Metering + start-up	Included	Included	Included	Included @ Swbrd	Included
Spare Breaker as Specified	Included	Included	Included	Included	Included
Equipment receipt + freight claim	Included	Included	Included	Included	Excluded
Offsite storage, mngmt, + deliver	Excluded	Included	Excluded	Included	Included
Owner Training	Included	Included	Excluded	Excluded	Excluded
Procurement					
Submittal lead time	Not Provided	6-8 wks	Not Provided	6-8 wks	6-8 wks
Material lead time	53-57 wks (Swbds)	60-66 wks (Swbds)	52-56 wks (Swbds)	46-56 wks (Swbds)	60-66 wks (Swbds)
Manufacturer	GE	Eaton	Schneider	Eaton	Eaton



Bid Leveling Worksheet (R1)

PMH Replacement Hospital
GCM-022-0090

Scope / Bid Package: Generators + ATS

Reviewer: SES

	+5%	+23%	+18%		
Bidder	Western States (CAT)	ES Power Systems (Generac)	Cummins		
Total Base Bid	\$ 814,096.00	\$ 980,143.00	\$ 767,174.48		
Low Bid Variance	46,921.52	212,968.52	Low Bid	-	-
		(2)Twin 500kW gensets, common enclosure			
Scope leveling					
Generators: 2 each	Included	Included	Included		
ATS: 4 each	Included	Included	Included		
Docking station	Included	Included	Included		
Factory Start-up, commissioning	Included	Included	Included		
Freight	Included	Included	Included		
Owner Training	Included	Included	Included		
Warranty (5 year)	Included	Included	Included		
Maintenance (12 month)	Included	Included	included		
Procurement					
Material lead time	Not provided	42 weeks	50 weeks		



Bid Leveling Worksheet (R1)

PMH Replacement Hospital
GCM-022-0090

Scope / Bid Package: Lighting + Controls

Reviewer: SES

+17%

Bidder	North Coast	Platt	CED	WESCO	Stoneway
Total Base Bid	\$ 1,663,653.00	\$ 1,179,948.73	Not Offered	Not Offered	\$ 1,149,942.11
Base price	1,656,330.00	1,190,288.73	-	-	1,172,421.11
Storage + management	45,548.00	Included	-	-	Excluded
Spare materials	Included	15,789.47	-	-	15,000.00
Delete S2	(38,225.00)	(26,129.47)	-	-	(37,479.00)
Spec Equivalent	Not Offered	\$ 1,140,836.84	Not Offered	Not Offered	Not Offered
Base price	-	1,125,836.84	-	-	-
Storage + management	-	Included	-	-	-
Spare materials	-	15,000.00	-	-	-
Delete S2	-	Not Offered	-	-	-
VE Package	\$ 1,048,364.50	\$ 939,552.42	\$ 950,050.00	\$ 958,177.00	\$ 887,586.87
Base price	1,031,094.50	924,552.42	858,719.00	970,527.00	897,339.07
Storage + management	28,352.00	Included	76,331.00	Included	Excluded
Spare materials	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Delete S2	(26,082.00)	Not Offered	Included	(27,350.00)	(24,752.20)
Delete WG1	\$ (12,599.00)	\$ (12,585.84)	\$ (11,000.00)	\$ (13,211.00)	\$ (11,956.55)



Bid Leveling Worksheet (R1)

PMH Replacement Hospital
GCM-022-0090

Scope / Bid Package: Low Voltage Systems

Reviewer: SS/TS

Bidder	Selected Price	Bidder	ADT Commercial	Avidex	Convergent	Cosco	EVCO	ICS	Interwest	JCI	SystemTech	Hillrom	Open Square
Pricing Breakdown													
Div 27: Communications													
Structured cabling	\$ 568,723.00	Interwest	-	-	-	-	excluded	-	\$ 568,723.00	-	\$ 606,405.00	-	-
Audio-video systems	262,852.46	OpenSquare	-	279,800.00	-	-	334,000.00	-	\$1,636,831.00	-	-	-	262,862.46
Television distribution	119,000.00	EVCO	-	-	-	-	119,000.00	-	\$ 720,206.00	-	-	-	-
Public address systems	150,000.00	EYCO	-	176,600.00	-	-	150,000.00	-	\$ 577,355.00	-	-	-	-
Sound masking systems	42,201.96	OpenSquare	-	44,000.00	-	-	76,500.00	-	\$ 53,569.00	-	-	-	42,201.96
Nurse call systems	373,000.00	EVCO	-	-	501,739.00	-	373,000.00	-	excluded	-	-	507,533.68	-
Clock systems	50,929.00	Interwest	-	-	50,765.00	-	71,000.00	-	\$ 50,929.00	-	-	-	-
DAS / ERRC systems	-	by Owner	-	-	-	-	excluded	-	\$ 165,482.00	-	-	-	-
Rescue assistance system	12,000.00	EVCO	-	-	-	19,991.00	12,000.00	-	18,693.00	-	-	-	-
Subtotal	\$ 1,578,716.42		\$ -	\$ 500,400.00	\$ 552,504.00	\$ 19,991.00	\$1,135,500.00	\$ -	\$3,791,788.00	\$ -	\$ 606,405.00	\$ 507,533.68	\$ 305,064.42
Div 28: Electronic Security													
Access control / security	\$ 327,679.00	Interwest	\$ 662,155.00	-	\$ 415,828.42	-	\$ 440,000.00	-	\$ 327,679.00	-	-	-	-
Video intercom	49,513.00	Interwest	see access ctrl	-	see access ctrl	-	see access ctrl	-	49,513.00	-	-	-	-
Video surveillance	68,157.00	Interwest	excluded	-	excluded	-	\$ 120,000.00	-	68,157.00	-	-	-	-
Infant protection systems	118,488.00	Convergent	-	-	118,488.00	-	\$ 177,500.00	132,120.00	excluded	-	-	-	-
Fire detection + alarm	239,812.90	JCI	excluded	-	excluded	269,991.00	\$ 273,000.00	-	301,229.00	239,812.90	-	-	-
Subtotal	\$ 803,649.90		\$ 662,155.00	\$ -	\$ 534,316.42	\$ 269,991.00	\$1,010,500.00	\$ 132,120.00	\$ 746,578.00	\$ 239,812.90	\$ -	\$ -	\$ -
Alternates													
AV: feature reduction (substitute)			-	-	-	-	\$ (100,000.00)	-	\$ (122,277.00)	-	-	-	-
TV: distribution over coax			-	-	-	-	(45,000.00)	-	-	-	-	-	-
PA: Remove master controls			-	-	-	-	(10,000.00)	-	-	-	-	-	-
Sound mask via PA in hospital			-	-	-	-	(40,000.00)	-	-	-	-	-	-
NC: Reduce software + stations			-	-	-	-	(20,000.00)	-	-	-	-	-	-
NC: Change to Responder 5000			-	-	-	-	(80,000.00)	-	-	-	-	-	-



WA Reg. No. APOLLMC864JQ
OR CCB No. 56241
CO Plumbing Lic :PC.0003009
MT CRN: 149670

P.O. Box 7287
1207 W. Columbia Drive
Kennewick, WA 99336
www.apollomech.com
509-586-1104 phone
509-586-3533 fax

PROPOSAL

Date: 7-15-22

Project: - Prosser Memorial Hospital (Apollo Estimate #20-1673)

Apollo Mechanical Contractors is pleased to provide you with the following full mechanical proposal.

Proposal is based on the following documents:

- 100% CD drawings dated 1-24-22
- Specifications: 100% CD Specs
- 100% 3D Design Model
- Addendum 1 drawings dated 3-4-22
- Addendum 2 drawings dated 3-25-22

Included complete:

- Plumbing and Mechanical Piping:
 - DWV piping – cast iron for AG in MOB, UG in kitchen, and UG in mechanical room; all other DWV ran in PVC
 - Domestic water piping – copper
 - Medical gas piping – copper cleaned and capped
 - Hydronics piping – carbon steel 2-1/2” and over / copper 2” and under
 - Condensate drain piping – copper
 - Insulation per WSEC
 - Water treatment for hydronics and clean and flush on domestic water system.
 - Excavation for underground piping.
 - Medical gas certifications
 - Hydronic equipment:
 - 1 – 8” Air separator
 - 1 – 12” Air separator
 - 16 – Baseboard Heaters
 - 3 – Boilers
 - 3 – Chillers
 - 1 – ET-CH1 – Chilled water expansion tank
 - 1 – ET-HW1 – Heating water expansion tank
 - 4 – HWCP – Heating water coil pump
 - 3 – HWP – Heating water pumps
 - 3 – PCHP – Primary chilled water pumps
 - 3 – SCHWP – Secondary chilled water pumps
 - 9 – Pump VFDs
 - Plumbing Equipment:
 - 1 – Booster pump
 - 1 – Brine tank
 - 2 – ESP – Elevator sump pumps
 - 1 – ET1 – Expansion Tank



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PROPOSAL

- 1 – ET2 – Expansion Tank
- 1 – Recirc pump
- 1 – TMV1 – Thermostatic mixing valve
- 3 – WH1 – Water heaters
- 1 – WH2 – Water heater
- 3 – WS – Triplex water softener

- Medical Gas Equipment:
 - 4 – AAP1 – Area alarm panels
 - 1 – AAP2 – Area alarm panel
 - 4 – AVC1 – Alarm valve combination panels
 - 1 – AVC2 – Alarm valve combination panels
 - 1 – AVC3 – Alarm valve combination panels
 - 1 – AVC4 – Alarm valve combination panels
 - 5 – CB3 – Ceiling Boom 3 Gas
 - 4 – CB5 – Ceiling Boom 5 Gas
 - 1 – EOI – Emergency oxygen inlet
 - 1 – MAC – Medical air compressor
 - 1 – MAN1 – Nitrous oxide manifold
 - 1 – MAN2 – Carbon dioxide manifold
 - 1 – MAN3 – Nitrogen manifold
 - 2 – MAP – Master alarm panels
 - 1 – MVP – Med vac pump
 - 18 – WO1 – Wall outlets
 - 4 – WO2 – Wall outlets
 - 41 – WO4 – Wall outlets
 - 8 – WO5 – Wall outlets
 - 8 – WO6 – Wall outlets
 - 3 – WO7 – Wall outlets
 - 4 – ZVB1 – Zone valve boxes
 - 4 – ZVB2 – Zone valve boxes
 - 1 – IAC – Instrument air compressor

- Fixtures:
 - 4 – TD-1 – Trench Drain (7.5ft)
 - 1 – TD-2 – Trench Drain (3ft)
 - 5 – CSS – Clinic service sinks
 - 1 – ESEF – Emergency shower
 - 4 – EWC – Electric water cooler
 - 3 – HB-1 – Hose bibs
 - 1 – HB-2 – Hose bib
 - 6 – IMB – Ice maker box connections
 - 8 – JS – Janitor sink
 - 14 – LV -1 – Lavatories
 - 23 – LV-2 – Lavatories



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PROPOSAL

- 19 – LV-3 – Lavatories
 - 2 – LV-4 – Lavatories
 - 6 – LV-5 – Lavatories
 - 20 – LV-6 – Lavatories
 - 1 – MEB – Medical equipment box
 - 1 – MHB – Mixing hose bib
 - 10 – NWH – Non-Freeze Wall Hydrants
 - 3 – RH – Roof hydrants
 - 96 – SK1 – Sinks
 - 9 – SK2 – Sinks
 - 6 – SK3 – Sinks
 - 6 – SK4 – Sinks
 - 5 – SK5 – Sinks
 - 6 – SK6 – Sinks
 - 1 – SK8 – Sinks
 - 4 – SSS – Surgeon Scrub Sinks
 - 34 – SV – Shower valves
 - 16 – TD1 – Trench drains (3ft)
 - 1 – TS – Tub/shower combination
 - 3 – UR – Urinals
 - 3 – WC1 – Water closets
 - 29 – WC2 – Water closets
 - 1 – WC3 – Water closets
 - 29 – WC4 – Water closets
 - 1 – WC5 – Water closet
 - 2 – WC6 – Water closet
 - 6 – WHB – Whirlpool Bath
 - 2 – WMB – Wash Machine Box
 - 1 – DSN – Downspout nozzles
 - 53 – FD1 – Floor drains
 - 5 – FD2 – Floor drain
 - 5 – FD3 – Floor Drain
 - 15 – FS1 – Floor sink
 - 10 – FS2 – Floor sinks
 - 2 – FS3 – Floor Sinks
 - 26 – ORD – Overflow roof drains
 - 26 – RD – Roof drains
- HVAC
 - 3 – JCI Semi Custom Air Handlers
 - 1 – JCI Packaged Rooftop Unit (AHU-3)
 - 4 – Humidifiers
 - 147 – Supply Air terminal units w/hot water reheat coils
 - 51 – Supply Air terminal units w/electric reheat
 - 9 – Return Air terminal units



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PROPOSAL

- 1 – 4 pipe Fan Coil Unit
- 3 – DX Fan Coil Units
- 3 – Fan Filter Units
- 5 – DX Split Systems
- 26 – Elec. Unit Heaters
- 36 – CRC Air Valves
- 12 – Exhaust Fans
- Grilles, Registers, and Diffusers
- Laminar Flow diffusers for OR's
- FSD's
- Galvanized Supply, Return, and Exhaust ductwork
- Ductwork Insulation
- Test and Balance
- Alerton DDC controls
- DDC
 - Installing new Alerton Controls on 3 new custom Air Handling Units.
 - Installing new Alerton Controls on 1 new Gas/DX Packaged Roof Top Unit.
 - Installing new Alerton Controls on 182 new Hot Water Reheat VAV's.
 - Installing new Critical Room Controls on 26 new Air Valves with Room Pressure Monitoring.
 - Installing new Critical Room Controls on 5 new Supply Air and Return Air Valves with Room Pressure Monitoring serving 4 OR's and 1 C-Section Room.
 - Installing new Alerton Controls on 1 new Chilled Water Fan Coil Unit.
 - Installing new Alerton Controls on 17 new General Exhaust Fans.
 - Installing new Alerton Controls on the new Kitchen Hood System.
 - Installing new Alerton Controls on 2 new Fin Tube Radiator Systems.
 - Monitoring of 8 new Ductless Split System Space Temperatures.
 - Installing new Alerton Controls on 1 new Chilled Water Cooling System.
 - Installing new Alerton Controls on 1 new Hot Water Heating System.
 - Installing new Alerton Controls on 1 new Domestic Hot Water System.
 - Provision of 18 new ABB VFD's. 9 EF's and 9 Pumps.
 - Installing new Alerton Controls on 46 new Fire/Smoke Dampers.
 - Installing new Alerton Controls for 1 Weather Station and connection to Generator.
 - Installing new Alerton Ascent Control Module with licensing for 318 controllers.
 - Provision of a new Client PC with Alerton Ascent Compass Software.
 - Provision of Submittals, Graphics, Programming, Commissioning, and As-Built documentation.
 - All wiring and labor necessary for a complete control system.

General clarifications:

- No fuel oil system is shown. Assumes that any generators will have belly tanks.
- RO system is piped to locations as drawn and equipment to be provided by others.



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PROPOSAL

- Estimate Breakouts are for accounting purposes and have not been provided for the purpose of additive or deductive contract modifications.
- Start-up, testing, calibration and training of the owners' personnel for the OFCI equipment is not included. (These services will be performed by others; we will assist with these activities.)
- Aerosolized duct sealant as called out in the spec is not included.
- Grease interceptor not included in price. This looks to have been removed from the plumbing scope.
- Trench drains originally shown in the bid have been removed on showers that have changed to shower pans per addendum 1. Procurement and install of shower pans is not included in this proposal, as they are not shown in the plumbing scope on the drawings.
- Allowance for hatched MRI area is not included in this proposal. More information is required for Apollo to formulate and accurate allowance.
- Allowance for hatched Nuc Med area is included in the base proposal, but only for systems as shown on the current addendum 1 drawings.

7/15/22 Update:

- Currently Apollo is only carrying cost to BIM coordinate division 22 and 23 scope of work only. Lead CAD management is assumed to be carried by the GCCM.
- The design model issued for construction needs to be reviewed by the design team prior to the start of construction and have buy off from the GCCM and all major subs on the project. The last review of the model by Apollo showed major trade clashes that have not been factored into the CAD price.
- Apollo saw \$275,000 in price escalation in equipment from all their suppliers since the last proposal submitted. Apollo received VE fixture pricing for Symmons faucets that reduced the overage by \$91,000. The remaining \$184,000 in overage was covered by cutting labor hours in Apollo's scope.
- If Symmons faucets are not accepted then the price shown below will increase by \$91,000.
- Apollo can only hold the price of the AHU's and Chiller until 8/31/22 due to a pending 10% price increase on 9/1/22. Apollo will seek early procurement on this equipment to avoid this cost increase.

Exclusions:

- WSST
- Bond
- Permits and fees
- Fuel oil system
- RO system
- Paint
- Electrical
- Fire protection
- All structural slab, wall, roof, and ceiling cut/demo/patch
- Hazardous material abatement
- Housekeeping pads



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PROPOSAL

- Piping more than 5ft. outside the building
- Demolition
- Dewatering
- Overtime/Off-shift work
- Bulk Oxygen Tank and Tank Yard
- Duct Cleaning
- Aerosolized duct sealant
- FSD Monitoring By DDC
- MRI chilled water piping and equipment set (not shown on mechanical drawings)
- Allowance for hatched MRI area
- Allowance for hatched Nuc Med area other than the systems shown on the drawings.
- Procurement and install of shower pans.

Full Mechanical Base Bid from 100% CD's: \$12,813,453.00

Increase at Addendum 1: \$86,580.00

Increase at Addendum 2: \$69,857.00

Full Mechanical Base Bid: \$12,969,890.00

Scope Adds not included in base bid:

Cleaning of ductwork per M110: \$105,000.00

Fixture increase without Symmons VE: \$91,000.00

AHU Increase if released after 8/31/22: \$148,154.00

Chiller Increase if released after 8/31/22: \$63,500.00



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PROPOSAL

Terms and Conditions:

- Pricing provided is based on receiving a NTP on 10/14/22. If the NTP for the project pushes out Apollo will not be able to honor the price above.

Thank you for the opportunity.
Please let me know if you have any questions.

Spenser Mearns – Project Manager
Cell Phone – (509)820-5883



7/22/2022

PMH MCCM/ECCM Analysis		
April 19, 2022 Estimate	Cost	Notes
Mechanical/Plumbing (Apollo)	\$12,969,890	
Electrical/Low Voltage (Garrett)	\$14,944,756	
Excavation/BIM Allowance	\$464,430	
Total	\$28,379,076	
July 21, 2022 Estimate (Based on 10/14 NTP Date)		
Mechanical/Plumbing (Apollo)	\$12,969,890	w/ Symmons faucet VE
Specified Faucet Add	\$91,000	
AHU/Chiller Increase after 8/31	\$211,654	
Total	\$13,272,544	
Electrical/Low Voltage (Garrett)	\$15,205,929	
Generator Fuel Allowance	\$20,000	
Temp Power/Lighting Allowance	\$60,000	
Sub Bonding Allowance	\$119,118	
Labor Increase After 8/31	\$250,000	
Lighting VE	(\$293,838)	
	\$15,361,209	
Mechanical Increase	\$302,654	
Electrical Increase	\$416,453	
Total Increase	\$719,107	
Savings if Released by 8/31	(\$461,654)	
Faucet VE	(\$91,000)	
Increase if savings is realized	\$166,453	

MEP Mini MACC		
Garrett MASC	\$15,111,209	
Apollo MASC	\$13,060,890	
Bouten Fee (4.55%) & Bond (.8%)	\$1,507,207	(Excludes SGC/NSS Expenses)
Total Mini MACC	\$29,679,306	

Budget Analysis	
Graham Proposed MACC	\$67,663,826
Escalation (4 months/4%)	\$2,706,553
Graham MACC thru 8/31	\$70,370,379
Bouten Bid Packaging Savings (2%)	(\$1,353,277)
VE Effort	(\$1,000,000)
AHJ Adds (1%)	\$676,638
Potential MACC	\$68,693,741

Prosser Memorial Hospital

Hospital Replacement Project

Project Cost Budget Summary

July 27, 2022

DRAFT

Cost Category	February 22, 2022 Up-Date	Current Budget Estimate	Original vs. Current	Δ	Comments
SITE COSTS	1,725,375	1,725,375	0	100%	Cost of Land, Environmental Survey & Title Support
SOFT COSTS (General Project Costs)	7,883,631	8,161,365	(277,734)	104%	Fees, Permits & other Professional Services
CONSTRUCTION	64,776,137	74,773,264	(9,997,127)	115%	Construction by Contractor & Owner
MEDICAL EQUIPMENT	7,950,840	8,499,541	(548,700)	107%	Major & Minor Medical Equipment & Purchasing Support
IT and TELECOMMUNICATIONS	451,500	430,500	21,000	95%	IT Closet Equipment, Computers & Phones
FURNITURE FIXTURES and EQUIPMENT	2,293,625	2,552,000	(258,375)	111%	Furniture, Signage, Artwork & Miscellaneous Equipment
CONTINGENCY	4,952,911	4,952,911	0	100%	5.2% of all Categories above less SITE COSTS
Project Cost Before Financing	90,034,019	101,094,957	(11,060,937)	112%	
FINANCING	4,500,000	4,500,000	0	100%	
TOTAL PROJECT COST	94,534,019	105,594,957	(11,060,937)		
Proposed MACC Values	59,584,012	68,693,741	(9,109,729)		

PROSSER PUBLIC HOSPITAL DISTRICT
BENTON COUNTY, WASHINGTON

RESOLUTION NO. 1069

A RESOLUTION of the Board of Commissioners (the "Board") of Prosser Public Hospital District, Benton County, Washington (the "District"), relating to contracting indebtedness; authorizing the Chief Executive Officer and the Chief Financial Officer of the District to prepare, execute and deliver a revision application for additional financial assistance from the United States of America, acting through the United States Department of Agriculture, Community Facilities Program in Rural Housing Service ("USDA"), and to negotiate, execute and deliver a Letter of Intent to Meet Conditions and Requests for Obligation of Funds required by USDA, all in connection with a loan or loans from USDA to fund the construction of a new hospital and related facilities.

WHEREAS, the District applied for, received, and approved a Letter of Conditions for USDA Community Facilities Program loans in the aggregate principal amount of not to exceed \$70,500,000 (the "USDA Loan") to fund the construction of (i) a new 75,000 square foot, 25 bed critical access hospital, (ii) a 15,000 square foot education center and medical office building attached to the hospital, (iii) a 1,500 square foot maintenance support building, and (iv) a helipad (the "Project"); and

WHEREAS, the District has determined that there is a need to apply for additional financial assistance in an amount of not-to-exceed \$,000,000 from USDA to provide sufficient funds to complete the financing of the Project (the "USDA Application"); and

WHEREAS, to move forward with the process of the USDA Loan by USDA, USDA requires the District to sign a Letter of Intent to Meet Conditions and Requests for Obligation of Funds (the "USDA Documents"); and

WHEREAS, the Board wishes to authorize the Chief Executive Officer and Chief Financial Officer of the District to prepare, execute and deliver the USDA Application and to negotiate, execute and deliver the USDA Documents and such additional documents as are necessary to continue the processing of the USDA Loan; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF PROSSER PUBLIC HOSPITAL DISTRICT, BENTON COUNTY, WASHINGTON, as follows:

Section 1. Approval of USDA Application. The Board hereby approves the USDA Application. The Board finds that the submission of such application is in the best interest of the District.

Section 2. Approval of USDA Documents. The Board hereby approves the USDA Documents. The Board finds that entering into the USDA Documents under the terms and conditions specified therein is in the best interest of the District.

Section 3. Authorization to Prepare, Execute and Deliver the USDA Application and to Execute and Deliver the USDA Documents. The Board hereby authorizes and directs the Chief Executive Officer of the District and the Chief Financial Officer of the District (each, an "Authorized Officer" and, together, the "Authorized Officers"), each of whom is authorized to act alone, to prepare, execute, and deliver in the name and on behalf of the District the USDA Application, including all attachments and schedules thereto. The Authorized Officers, and each of them authorized to act alone, are further authorized to negotiate, approve, enter into, execute, acknowledge and deliver in the name and on behalf of the District the USDA Documents and any other agreement, instrument, certificate, representation or document, and to take any other action as may be advisable, convenient or necessary to carry out the purposes of this resolution.

Section 4 Ratification of Prior Acts. All actions heretofore taken by the officers, agents, attorneys, and employees of the District in connection with the transactions contemplated herein are hereby ratified and approved.

Section 5. Effective Date of Resolution. This resolution shall take effect and be in force from and immediately after its passage.

ADOPTED and APPROVED by the Commissioners of Prosser Public Hospital District, Benton County, Washington, at an open public meeting thereof this 8th day of September, 2022, the following Commissioners being present and voting.

President and Commissioner

Commissioner

Commissioner

Commissioner

Commissioner

Commissioner

Secretary and Commissioner

CERTIFICATION

I, the undersigned, Secretary of the Board of Commissioners of Prosser Public Hospital District, Benton County, Washington (the "District"), hereby certify as follows:

1. The attached copy of Resolution No.1069 (the "Resolution") is a full, true and correct copy of a resolution duly adopted at a special meeting of the Board of Commissioners of the District held at the regular meeting place thereof on September 8, 2022, as that resolution appears on the minute book of the District, and the resolution is in full force and effect.

2. A quorum of the members of the Board of Commissioners was present throughout the meeting and a majority of the members voted in the proper manner for the passage of the Resolution.

Dated: September 8, 2022.

PROSSER PUBLIC HOSPITAL DISTRICT,
BENTON COUNTY, WASHINGTON

Secretary, Board of Commissioners



COVID CAPITAL REQUEST FORM

Requesting Department: Family Birthplace Cost Center: 70100 Covid expense- 87550-41620

Project Lead: Terra Palomarez, MSN RN

Brief Description: <i>(Product pictures, specifications, or description can be attached).</i>
Patient Room Sleep Sofas for the Family Birthplace
Statement of Need:
The current state of our sleep sofas in the Family Birthplace is worn with cracks and tears in the Fabric. These Sofa Sleepers will replace the outdated furniture and be transferable to our new facility.
Is this a Budgeted item? <i>(If yes, how much was budget. If no, why was it not an anticipated expenditure?)</i>
No. Continued breakdown of the fabric was not anticipated.
Priority: <i>(Urgent, essential, desirable, or replacement? Is this request time sensitive and why?)</i>
Urgent. The state of our current furniture does not meet infection control requirements for hospital furnishings. There is potential for COVID and other infectious disease exposures due to the breakdown of the material of the furniture.
Utilization Comments: <i>(How when and by whom will this item be utilized).</i>
These sleep sofas will be used multiple times daily by patients and their support persons during Labor, Recovery, and Postpartum care.
Supply Chain Review: <i>(Has the Director of Materials management reviewed and advised on vendor selection, negotiated price, supply availability and access, etc. Attach a list of new disposable products needed for this purchase</i>
This furniture was vetted, reviewed, and recommended by our Materials Director and the new hospital design team.
Equipment environmental Needs or construction needs : <i>(Humidity, temperature, ventilation, electricity, plumbing, space, staging area for assembly or distribution. Work requiring outside construction vendors need to have a cost estimate below).</i>
N/A
Biomedical and Periodic Maintenance: <i>(Who will provide &/or what is the availability of support; what is the estimated useful life of the item).</i>
No biomed needs anticipated. Periodic maintenance would only be required if a repair outside of the furniture warranty was needed.
IT Support Required: <i>(Epic interface, system support, IT assistance with implementation.)</i>
N/A
Type of purchase: Capital, Capital lease, or Other
Capital
Please explain estimated revenue and/or savings: <i>(Or attach proforma)</i>
Better furnishings will add to the aesthetics of the department and is likely to improve our patients' likelihood to recommend scores which impacts our future revenue potential.
Explanation of cost associated with the capital item, where applicable: <i>(training, disposable supplies, etc.)</i>
Total cost is \$28,303.29
No disposable supplies or training will be necessary.

Proposed financing: *(Work with CFO/Finance for direction and preliminary approval of cost estimates and best financing option. Summary here of how final decision was made).*

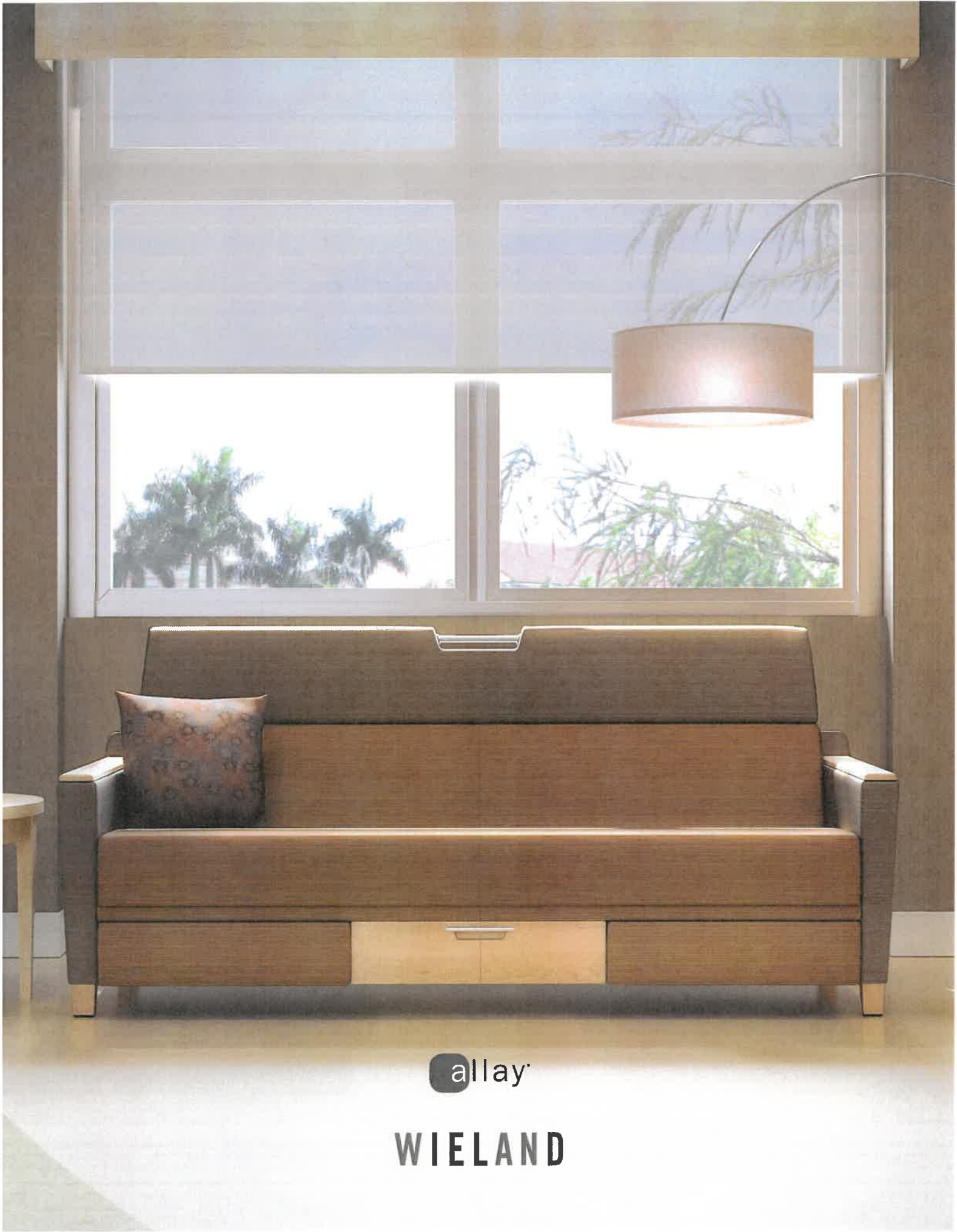
Company	OpenSquare		
Contract ID			
Cost of capital item(s)	\$24,713.96		
Removal of old equipment	N/A		
Maintenance contracts # of months of fiscal year not covered By warranty x monthly \$ of contract	N/A		
Start-up supplies + 1 year	N/A		
Training Costs	N/A		
Installation	Delivery and installation - \$1,348.00		
Site Preparation/Construction	N/A		
Shipping			
Tax (8.9%)	\$2,241.33		
Sub Totals			
TOTAL PURCHASE PRICE	\$28,303.29		

Additional FTE's needed to operate equipment- **None**

Reduction in FTE's or time saved by operation of equipment- **None**

Impact	Departments impacted by this purchase	Departmental Collaboration: <i>(Are the Departments with Max or Min impact supportive and prepared for this purchase? What actions are planned for successful implementation across all impacted departments?)</i>
Max	Family Birthplace	Staff in the FBP will have the most contact regarding use of this furniture.
Mod		
Min	Maintenance	Disposal of existing furniture and potential for rare repair.

Staff Training Plan



allay

WIELAND

features and notes

- Straight back or integrated pull handle
- Generous clean out
- Arm caps are available in wood or urethane
- Back support panel and drawer are offered in wood or thermoform
- Recessed arm panel limits damage to ottoman assist lever
- Available in 5 lengths - 66" to 78" sleep surface
- Metal leg and casters are available on 600 and 601 arm styles
- Optional trundle bed adds an additional sleeping surface, wood or thermoform front panel
- Trundle bed mattress is covered in anti-microbial nylon and is water repellent
- Fully renewable
- 25 year warranty, 10 year on ottoman mechanism, 3 year on casters, and 2 year on drawer glides
- GREENGUARD[®] Certified for low chemical emissions UL.COM/GG UL 2818, greenguard.org



07/28/2022

3603 W 48th Ave
Kennewick, WA 99337

Prosser Public Hospital District
Benton County, WA
d/b/a Prosser Memorial Health
Attn: Craig Marks, CEO
723 Memorial Street
Prosser, WA 99350

Dear Craig:

Angelica and I have decided to move to Puerto Rico for several important reasons, none of which have to do with anything negative at all with Prosser. We will have substantial tax savings by living there and taking advantage of the 4% corporate federal tax rate. Additionally, we will be only 3 hours by airplane to both Colombia and Mexico, where we live and have a business in Mexico. I have decided to join Rad Partners as an independent contractor.

I know that you have discussed with Rad Partners in the past about perhaps taking over the contract and were reluctant to do so but I would ask you to think about considering them again. If you decide to go with them, I could continue to work for Prosser remotely. Alternatively, if you decide not to go with them, I may be able to help from Puerto Rico and contract with you directly. I will release Dr. Ballard from the non-complete so he can work for you, Rad Partners or whomever you decide to work with.

I have nothing but the best heartfelt love for Prosser Memorial and the administration and medical staff here. I very much enjoy working here and we have struggled tremendously with this difficult decision. I hope that I have improved the quality and breath of radiology services in Prosser. Please accept my 6 month notice.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffrey A. Zuckerman', with a long horizontal line extending to the right.

Jeffrey A Zuckerman, M.D.

PMH Medical Staff Committees Report May 2022 – July 2022

Medical Executive Committee: Dr. Clifford, Chair

- The Committee met 3 times in the period.
- Quality reports included PMH Community Benefits – 2021 Report and 2022 Plan.
- COVID-19 DOH Power of Provider Initiative (POP) was presented.
- APC Certification updates were approved.
- There were 9 New Appointments and 34 Reappointments to the Medical Staff approved and recommended to the Board during the period.

Medical Staff Quality Improvement Committee: Dr. Martin, Chair

- The Committee met monthly during this time period.
- Chart reviews were conducted on 113 patient records during the period, including FPPE reviews.
- Diabetes Documentations Guideline and Pharmacotherapy tool approved by Committee.

Credentialing Committee: Dr. Martin, Chair

- The Credentialing Committee met three times in the period.
- There were 40 New Appointment/Reappointment applications reviewed by the Committee for the period.

Emergency Department Committee: Dr. Wenger, Chair

- The Committee met in June.
- Covid-19 numbers continue to decline.
- ED reported record numbers in the department.
- The new Healthstreams Procedural Sedation Module was approved.
- It was reported BiPAP's are being recalled, and PMH is using ventilators for non-invasive ventilation.
- ED Quarterly Benchmarking report for the 1st quarter of 2022 was reported.

Medicine / Pharmacy and Therapeutics Committees: Dr. Hashmi, Chair

- The Committees met in May and July during the period.
- Acute Care Services Report metrics, Infection Control/Exposure Report, Reportable Diseases and Covid-19 updates were reviewed/discussed by the Committee.
- Medication Reconciliation Quality Improvement Project was reported.
- The Pharmacy & Therapeutics Dashboard data was reviewed.
- Supply chain challenges have expanded the Medication Back-Order list, which is available on Sharepoint.
- DNP students from WSU working on Antimicrobial Stewardship project to be presented once completed.

Perinatal / Pediatric Committee: Dr. Carl, Chair

- The Committee met in June.
- COVID report to be removed from all Committees and to be reported as needed.
- The following policies were presented due to revisions made, and were approved: Induction Consent, Cord Blood Sample Fetal Blood Gasses and Massive Transfusion Policy.
- Terra Palomarez is a participant in the Perinatal Substance Use Disorder Learning Collaborative.

Surgery Committee: Dr. Sollers, Chair

- The Committee met in May.
- The Mass Transfusion Policy was presented and will be a standing agenda item.
- The Surgical Services Dashboard was presented. There were 876 surgical cases/procedures through April 26, 2022.

Community Clinics Committee: Dr. Santa-Cruz, Chair

- The Community Clinics Committee met in May and July.
- DOH Power of Providers Initiative Vaccination Campaign was presented.
- The Welcome to Medicare Welcome and Wellness exams in the clinics began in March and numbers have increased.
- Wound Care and Infusion in Acute Care has switched to Healogics physician driven model.
- A Diabetic Educator has been hired and expansion to full time is goal as demand increases.



Sollus Northwest

Family Medicine Residency

we are **family**

**RE: Report for Medical Staff Committee Meeting- Prosser
Memorial Hospital**

From: Dr. Katheryn Norris, Residency Program Director

August 9th, 2022

Dr. Marx has stepped down as core faculty effective 7/31/22 but continues to precept and supervise Sollus NW residents at Mountainview for OB continuity clinic effective 8/1/22.

Dr. Norris will begin attending these meetings in his stead as a representative but cannot be present at this August meeting. PMH rotations in ED, OB, orthopedics/podiatry are working out well. Later this year, resident rotations in radiology and cardiology will also take place. Residents appreciate the learning. The completion of evaluations in a timely manner continues to be appreciated.

If there are any further questions or concerns, please feel free to reach out to Dr. Norris.

Thank you.

EMPLOYEE ANNUAL

POOL PARTY

August 19
EJ Miller Park

Check In: 3:30 PM
Dinner by Big Dogs Grill: 4–6 PM
Swimming: 6–10 PM

All staff are invited to bring their immediate family.
Bring your lawn chairs, towels and favorite water toys!
RSVP required for dinner.

Dinner will be served in the Vineyard Conference Room
starting at 7:30pm for evening and night shift staff.

RSVP ONLINE OR EMAIL ANNIE TIEMERSMA BY AUGUST 11.
pmhannualpoolparty.eventbrite.com (password: PMH)



Prosser
Memorial Health





PROSSER MEMORIAL HEALTH EMPLOYEE NEWSLETTER

THE PULSE



Prosser
Memorial Health

AUGUST | 2022

News & Events



Leadership Development

The Prosser Memorial Health Leadership team spent an offsite day together!





Provider Social

Annual Summer Social with our Providers, Leadership Team, and Board of Commissioners at WIT Cellars on July 22nd.



Grab & Go Update

The Busy Bean Café will start providing items through Jack & Olive August 1. They offer a great assortment of fresh grab and go items including low carb options, vegan, and vegetarian offerings.

JACK & OLIVE

Effective August 1st

Grab & Go Update

The Busy Bean Café will start providing items through Jack & Olive August 1. They offer a great assortment of fresh grab and go items including low carb options, vegan and vegetarian offerings.



AUGUST 1-7

World Breastfeeding Week

Our Certified Lactation Consultants, Cindy Raymond and Lindsey Schutt offer guidance to new moms on how to breastfeed.




Prosser
Memorial Health

ProsserHealth.org

World Breastfeeding Week

August 1-7 is World Breastfeeding Week. Our Certified Lactation Consultants, Cindy Raymond and Lindsey Schutt offer guidance to new moms on how to breastfeed.



BLOOD DRIVE

September 2 | 9:00am - 3:00pm | Vineyard Conference Room

Prosser Memorial Hospital
723 Memorial Street, Prosser, WA 99350

Appointments required, schedule by visiting:
redcrossblood.org/give and use code "PMH".

Please contact 509.786.6601 or email
connect@prosserhealth.org for any assistance.

Prosser
Memorial Health

This is how we care

Blood Drive

Prosser Memorial Health will hold a blood drive on September 2 at 9:00am - 3:00pm. Schedule an appointment by visiting: redcrossblood.org/give and use code "PMH".



WINE COUNTRY Classic
presented by
Prosser
Memorial Health Foundation

Friday, September 9, 2022
Canyon Lakes Golf Course
Kennewick, WA
Start Time: 9:00 AM

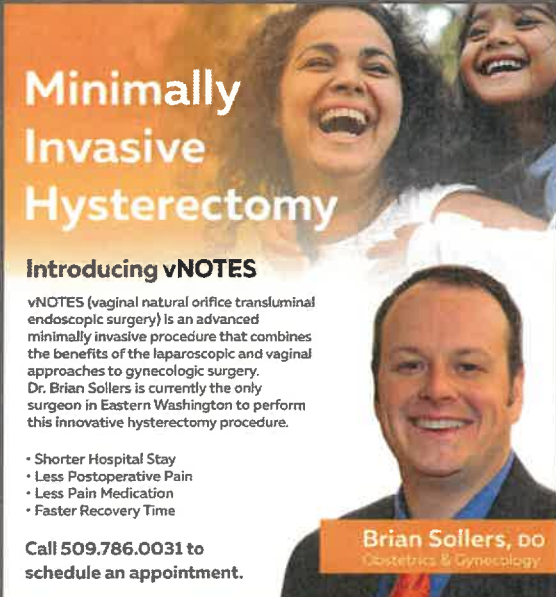
Proceeds from the Wine Country Classic directly benefit Prosser Memorial Health programs.

Register online at prosserhealth.foundation.

Wine Country Classic

Join us on Friday, September 9 for the Wine Country Classic at Canyon Lakes Golf Course in Kennewick. Event starts at 9:00am. Register online at prosserhealth.foundation.

Not a golfer? We have volunteer opportunities! Please email Shannon Hitchcock or Annie Tiemersma to sign up as a volunteer for the golf tournament.



Minimally Invasive Hysterectomy

Introducing vNOTES

vNOTES (vaginal natural orifice transluminal endoscopic surgery) is an advanced minimally invasive procedure that combines the benefits of the laparoscopic and vaginal approaches to gynecologic surgery. Dr. Brian Sollers is currently the only surgeon in Eastern Washington to perform this innovative hysterectomy procedure.

- Shorter Hospital Stay
- Less Postoperative Pain
- Less Pain Medication
- Faster Recovery Time

Call 509.786.0031 to schedule an appointment.

Brian Sollers, DO
Obstetrics & Gynecology

Prosser Women's Health Center
Prosser Memorial Health

336 Chardonnay Ave., Suite B | Prosser | ProsserHealth.org

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pmhannualpoolparty.eventbrite.com (password: PMH)



Prosser
Memorial Health



ASPIRE Awards



Our ASPIRE program recognizes team members who demonstrate our core values of Accountability, Service, Promoting Teamwork, Integrity, Respect and Excellence.



Maggie Munoz-Costello

Congratulations Maggie Munoz-Costello, Medical Staff Coordinator, for receiving a Silver ASPIRE award! As Maggie has transitioned from Credentialing Specialist to Medical Staff Coordinator, she has multitasked and ensured both roles are taken care of. This is not an easy task as it includes many moving parts. This kind of commitment is reflective of excellent team player Maggie is. Thank you, Maggie!



Ana Garcia

Congratulations Ana Garcia, Certified Medical Assistant, for receiving a Silver ASPIRE award! When a patient with a severe ear infection was unable to pick up their medication, Ana delivered the medication to the patient's home! This is just one example of how Ana goes above and beyond for her patients and team!

Welcome to the Team!



Left to right: Melinda Hernandez Reyna, Elisabeth Mora, Aimee Sarmiento Moreno, Ashley Kristofzski, Jennifer Cantu, Esmeralda Arroyo Onate, Patricia Hoag, Jill Dodson.

Scavenger Hunt



WELCOME TO THE TEAM

What have you enjoyed about Prosser Memorial Health so far?

Esmeralda Arroyo

Acute Care Technician

Team, work, and environment.

Jennifer Cantu

Acute Care Registered Nurse

My favorite part of PMH is the amazing team and patients I get to work with.

Jill Dodson

Acute Care Registered Nurse

The obvious way PMH invests in patient experience and employee engagement.

Patti Hoag

Laboratory Medical Technologist

The welcoming spirit of Prosser Memorial Health. It feels like teamwork working with all departments.

Ashley Kristofzki

Family Birthplace Registered Nurse

I love the family-like teamwork.

Elisabeth Mora

Health Information Management Coder

The staff being supportive and helpful during my new phase.

Aimee Moreno

Acute Care Technician

The staff and atmosphere.

Melinda Hernandez Reyna

Acute Care Technician

Transparency and communication from Administration with staff.

What is your favorite part of summer?

Esmeralda Arroyo

Acute Care Technician

Barbecue and spend time with family and friends.

Jennifer Cantu

Acute Care Registered Nurse

My favorite part of summer is getting to spend time with my nieces and nephews.

Jill Dodson

Acute Care Registered Nurse

Gardening and time with my children.

Patti Hoag

Laboratory Medical Technologist

Being able to travel and explore, gardening, reading and spending evenings outdoors.

Ashley Kristofzki

Family Birthplace Registered Nurse

Being in or near the water – swimming, boating, anything in the water and sunshine!

Elisabeth Mora

Health Information Management Coder

Spending it with friends and family.

Aimee Moreno

Acute Care Technician

Vacation and spending time with the people I love.

Melinda Hernandez Reyna

Acute Care Technician

Camping.

Anniversaries

Happy Anniversary!

Thank you for being an essential part of Prosser Memorial Health's success.

Happy 1 Year

- **Dr. Nicola Nylander**
Dermatology Center
- **Helen Burgard**
Prosser Clinic CMA
- **Brianna Saenz**
Community Relations
Busy Bean Barista
- **Samantha Garcia**
Scheduling Call Center
Outpatient Hospital Scheduler
- **Roxana Zapien**
Surgical Services RN
- **Guadalupe Flores**
Laboratory Assistant
- **Briana Bouche**
Diagnostic Imaging Nuclear Medicine
Technologist
- **Cheyenne Luppino**
Diagnostic Imaging Nuclear Medicine
Technologist
- **Zach Garland**
Prosser Clinic, Wound Care & Infusion
Care Center ARNP
- **Elizabeth Marquez**
Surgical Services Technician
- **Ryan Austin**
Information Services Technician
- **Lucia Ramirez**
Prosser Women's Health Center CMA
- **Alma Gonzalez**
Surgical Services Operating Room
Scheduler Technician

Happy 2 Years

- **Tabitha Troutman**
Family Birthplace Technician
- **Victoria Torrico**
Family Birthplace RN
- **Magdalena Fernandez**
Patient Registration
Patient Registrar

- **Dr. Coral Tieu**
ENT/Allergy Center
- **Dr. Thomas Tieu**
Prosser Urology Center

Happy 3 Years

- **Daria Don**
Supply Chain Inventory
Control Specialist
- **Lorie Serl**
Family Birthplace RN
- **Dr. Karan Bhatti**
Prosser Heart Center
- **Stephanie Honey-Morrow**
Emergency Department RN
- **Rocio Moran**
Emergency Department Technician
- **Dr. Sam Strebel**
Prosser Orthopedic Center

Happy 4 Years

- **Dr. Jose Santa-Cruz**
Grandview Clinic
- **Dr. Robert Wenger**
Emergency Department
- **Dr. Suzanne Staudinger**
Benton City Clinic
- **Cassandra Ambriz**
Prosser Clinic CMA
- **Jacquelyn Rodriguez**
Grandview Clinic Patient Services
Representative

Happy 5 Years

- **Dr. David Carl**
Benton City Clinic
- **Annabelle Hansen**
Medical/Surgical RN
- **Dr. Carolyn O'Connor**
Prosser Clinic
- **Angie Carey**
Pharmacy Technician II
- **Brandon Bowden**
Board Member

Happy 6 Years

- **Amanda Benton**
Nursing Administration RN
- **Jennifer Hare**
Emergency Department RN
- **Craig Marks**
Chief Executive Officer

Happy 7 Years

- **Maria Persinger**
Medical/Surgical RN
- **Summer Landa**
Cardiopulmonary Respiratory
Therapist-R

Happy 9 Years

- **Rosemary Mendoza**
Administration Executive Assistant

Happy 10 Years

- **Clara Bucio-Martinez**
Emergency Department RN

Happy 12 Years

- **Kimberly Winters**
Health Information Management
Certified Coder

Happy 18 Years

- **Jay Boyle**
Wound Care & Infusion Care Center

Happy 20 Years

- **Dorene Jones**
Environmental Services Technician

Happy 22 Years

- **Jim Schab**
Diagnostic Imaging CT Technologist

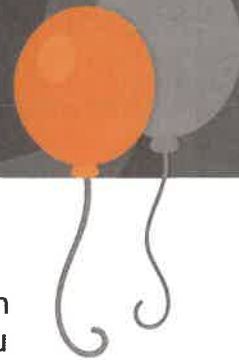
Happy 24 Years

- **Maria Cardenas**
Health Information Management
Technician I

Happy 26 Years

- **Paul Weisz**
Maintenance Mechanic

Birthdays



Free 20oz Busy Bean Coffee on your birthday!

On your birthday, we just want to let you know that it is a great pleasure working with truly inspirational figures like yourselves. Thank you for all the incredible support you give towards Prosser Memorial Health. Happy Birthday to you all! #ThisIsHowWeCare

August 1

- **Jose Martinez**
Diagnostic Imaging Radiology Technician
- **Casey Hollenbeck**
Care Transitions RN
- **Esperanza Lopez-Aviles**
Prosser Clinic CMA

August 2

- **Jennifer Villafania Nunez**
Prosser Clinic CMA

August 3

- **Daisy Magana**
Prosser Clinic CMA
- **Guadalupe Flores**
Laboratory Assistant
- **Melodie Charwood**
Benton City Clinic CMA

August 4

- **Craig Marks**
Chief Executive Officer
- **Alexia Verduzco**
Grandview Clinic CMA

August 5

- **Merry Fuller**
Chief Nursing Officer
- **Aimee Sarmiento Moreno**
Acute Care Technician

August 6

- **Amy Enriquez**
Environmental Services Technician
- **Jacquelyn Rodriguez**
Grandview Clinic CMA

August 8

- **Nigel Day**
Emergency Department RN

August 9

- **Lindsay McKie**
Director of Pharmacy, Pharmacist
- **Casandra Ambriz**
Prosser Clinic CMA

August 10

- **Corryn Koopmans**
Acute Care RN
- **Jaron Raymond**
Emergency Department RN

August 11

- **Irish Zulita**
Laboratory Technologist
- **Sherry Ricard**
Wound Care & Infusion Care Center RN
- **Elizabeth Macias**
Emergency Department Technician
- **Justin Herzog**
Diagnostic Imaging CT Technologist

August 12

- **Corina Montelongo**
Acute Care CNA/Unit Secretary

August 13

- **Molly Schutt**
Director of Grandview Clinic and Women's Health Center

August 14

- **Trux French**
Pharmacist
- **Maria Fuller**
Patient Financial Services Collector/Cash Posting

August 16

- **Javier Gonzalez**
Surgical Services OR Technician
- **Imelda Herrera**
Prosser Clinic Patient Services Representative

August 18

- **Allison Young**
Acute Care RN

August 19

- **Shantel McGarvey**
Emergency Department RN

August 21

- **David Moon**
Emergency Medical Technician B2

August 22

- **Meagan Bronkhorst**
Materials Management OR Buyer
- **Rachel Voegele**
Emergency Medical Technician

August 24

- **Kimberly Crosby-Orosco**
Community Paramedic
- **Alex Arnold**
Emergency Department ARNP

August 26

- **Sierra Goble**
Nutrition Services Cook

August 27

- **Maria Madrigal**
Prosser Specialty Clinic CMA

August 28

- **Michelle Risk**
Financial/Payroll Analyst
- **Dr. Karan Bhatti**
Prosser Heart Center

August 29

- **Ivan Castellanos**
Acute Care RN

August 30

- **Veronica Bonilla**
Patient Financial Services Collector



RETIREMENT SECURITY IS NOT AN IMPOSSIBLE DREAM

The road to retirement security can be filled with speed bumps and potholes along the way. Some plan participants may feel that they really don't have to worry too much about retirement because it's so far in the future. Others reduce or eliminate their retirement plan contributions because they have so many other pressing financial obligations. Still others lack the confidence that they can manage their retirement assets in an effective way.

However, the good news is that there are multiple small steps and strategies that can shift your retirement planning into high gear and help you move closer to a financially comfortable retirement. Here are some things you should consider doing.

Prioritize Your Retirement Security

Retirement planning may not be front and center in your priorities right now. Still, it's not wise to ignore the future. It is important to make a plan for the time when you will have to live without a regular salary. The reality is that the actions you take today could have a significant impact on the quality of your future life.

When you shift your priorities a little and start setting aside some time and effort for retirement planning now, you can increase the likelihood that you'll have the financial resources available to help you enjoy a financially secure retirement.

Boost Your Contribution Level

It's not rocket science: The more you contribute to your retirement plan, the greater your potential retirement savings. If you add \$200 a month to your contribution amount, you could potentially end up with an extra \$92,408 for your retirement, assuming you earn a 6% average annual total return over 20 years. (This is a hypothetical example used for illustrative purposes only. It assumes amounts are invested monthly and monthly compounding. It does not represent the result of any particular investment. Your results will be different.)

Increasing the amount you contribute may be less difficult if you are able to take advantage of the saver's credit. This tax credit is available to qualifying taxpayers who contribute to an eligible retirement savings plan or individual retirement account. It is claimed as a direct offset against a taxpayer's federal income tax.

To qualify for the credit, your income must fall within a certain range, which depends on your tax filing status. The credit is for 50%, 20%, or 10% of retirement plan contributions up to \$2,000. You can find more information about the credit on the IRS's website (irs.gov).

Think Diversification

You can increase your potential for retirement security when you carefully allocate your plan money among the major asset classes and invest in well managed, diversified funds.* While diversification does not ensure a profit or protect against loss in a declining market, it can help reduce the risk that a portfolio's overall value will be impacted if one asset class suffers a decline for an extended period. In addition, a diversified portfolio is less likely to experience the volatility that is common in portfolios invested solely in equities.

Look to Boost Your Annual Return

A one percent increase in a portfolio's average annual return compounded over time can have a significant impact on the size of the portfolio.** Compare your investments' average annual total return against the returns of other similar investments. If it appears that your investments are underperforming, you may want to consult with an experienced financial professional to determine if you need to alter or moderate your current investing strategy.

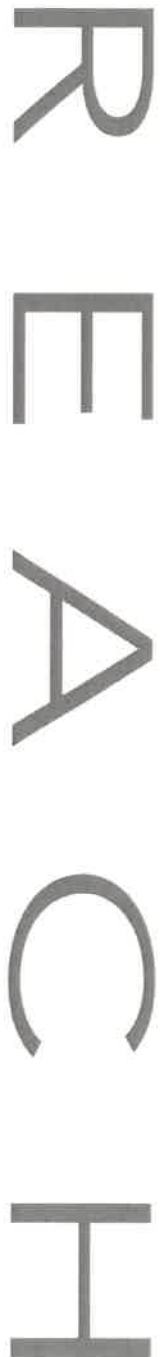
More importantly, your financial professional can help you identify what steps you need to take to move you closer to a financially comfortable retirement.

Source/Disclaimer:

*You should consider a fund's investment objectives, charges, expenses, and risks carefully before you invest. The fund's prospectus, which can be obtained from your financial representative, contains this and other information about the fund. Read the prospectus carefully before you invest or send money. Shares, when redeemed, may be worth more or less than their original cost.

** Compounding does not guarantee a profit or protect against loss in a declining market

This content is for general informational and educational purposes only and should not be relied upon as the only source of information. It is not intended to represent advice or a recommendation of any kind, as it does not consider the specific investment objectives, financial situation and/or particular needs of any individual or client.



If you have questions regarding your retirement plan, please contact Nora Newhouse in Human Resources, ext. 6688.

Health & Wellness

Hawaiian Slaw



Ingredients:

- 2 Cups Dry Slaw Mix, Packed
- 1 Cup Carrots, Grated or Chopped
- 1 Cup Pineapple, Diced Fresh or Canned in 100% Juice
- 3 Scallions, Sliced
- 1 Tbsp. Ginger Root, Grated
- 3 Tbsp. Rice Wine Vinegar
- 1 Tbsp. Sesame Oil
- 1 Tbsp. Reduced Sodium Soy Sauce
- 1/2 Lime, Juiced
- 1 Tsp. Sesame Seeds, Black and/or White (Can use 1/2 tsp. of each color)
- 1/8 Tsp. Red Pepper Flakes (Optional)

Instructions:

1. Combine slaw mix, carrots, pineapple and scallions in a large bowl and set aside.
2. Whisk the remaining ingredients together in a small bowl and pour over the slaw veggies. Toss to coat.
3. Cover and set in the fridge for at least 30 minutes prior to eating. This allows the dressing to soak into the veggies a bit.

Nutrition:

- **Servings:** 6
- **Size:** 1/2 Cup Prepared Slaw
- **Calories:** 57.3
- **Fat:** 2.9 g
- **Carb:** 7.7 g
- **Fiber:** 1.7 g
- **Protein:** 1 g
- **Sugar:** 4.6 g
- **Sodium:** 116.7 mg



Prosser
Memorial Health

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Attachment V

Craig's Birthday Bucket List
August 4, 2022

1. Photography Lessons
2. Get a New Mask (5)
3. Go Sky diving (14)
4. See George Lopez
5. Learn to Golf
6. Become a Vegetarian
7. Build a curio cabinet for your rock collection
8. Take time off to travel the world with Andrea
9. Attend the Apple Cup in Pullman and Cheer for the Cougs
10. Ride in a Dog Sled
11. Be a wedding crasher
12. Go on a safari in Africa
13. Travel while you can
14. Cage dive with sharks
15. Go on safari in New Zealand
16. Eat cake and ice cream before the meal
17. Drive a Nascar
18. Run a marathon
19. Base jump with a wing suit
20. Go Skiing in the Swiss Alps
21. Hike in Pacific NW discovering natural hot springs (start with Belknap, OR)
22. Hike the Narrows Trail in Zion Nat'l Park
23. Swim with the dolphins
24. Ice skate with family
25. Eat a pickled egg
26. Go to Tokyo
27. Adopt a dog
28. Set Retirement date
29. Build new hospital
30. Take Trips
31. Travel to Italy
32. Travel to Israel – Masada, Sea of Galilee, Dead Sea, Bethlehem, Jerusalem, etc.
33. Work in the front office for at least 3 hours
34. Swim with the pigs in Exuma, Bahamas
35. Go bungee jumping
36. Become a millionaire
37. Learn to yodel
38. Swim with sharks
39. Yodel while swimming with sharks
40. See Niagara Falls from the sky in a helicopter
41. Go see the Grand Canyon
42. Write letters to family members
43. Visit the place you never thought could
44. Eat an over easy egg on your pizza
45. Spend a week at the Iowa State Fair
46. Take entire family to Disney World

Craig's Birthday Bucket List
August 4, 2022

47. Go overlanding, driving from Oregon to Canada using only forest service roads or jeep trails
48. Go to Husky football game and cheer for the Huskies
49. Cheer for the Seahawks, Mariners, and Sounders
50. Paddle boarding
51. Hike and eat at Packwood Lake in Packwood, WA
52. Tell everyone Merry Fuller was right about something
53. Wear Seahawk gear to Viking's game, sit with Viking fans and cheer for Seahawks
54. Go parasailing
55. Coach an AAU team
56. Casual wear to work for a week
57. Stay at Hotel Rui Palace in Aruba
58. Airboat across alligator infested swamp
59. Golf at Quintero, Golf at TPC stadium course, Wickenburg Ranch
60. Hike Weaver's Needle in Superstition Mtns
61. Sky Bar pub crawl between Tempe and Phoenix
62. Wind surfing
63. Top of Eiffel Tower
64. Scuba diving
65. White water rafting
66. Participate in hot salsa or peppers contest
67. Participate in the wild cow milking event at Grandview Fair
68. Become a Trapeze Yoga Instructor
69. Go Wheeling in the Mtns
70. Cliff Diving
71. Go on a Hot Air Balloon Ride
72. Go to Greece
73. Attend the Democrat National Convention
74. Sing Karaoke and dance like John. Travolta
75. Run for a political office
76. Halibut fishing in Homer, AK
77. Go to Kodiak Island to see bears
78. Ride the Alaska train to Fairbanks
79. Try Peach flavored Mio
80. Cartwheels around the hospital, wearing WI Badger jersey, while blowing bubbles
81. Glow worm Cave Tour in South Island, New Zealand
82. Na Pali Coast and Zodiac Tour, Kauai, HI
83. Visit the San Antonio River walk
84. Ride in a Flying Car
85. Learn something new about yourself
86. Sign the FBP Sofa Sleeper CER without any grief or push back and perhaps even a smile because you trust Terra implicitly.
87. Stay at the Columbia Gorge Hotel in Hood River and ride the sternwheeler under the Bridge of the Gods. Stop at Multnomah Falls before going home.
88. Backpack through Europe
89. Go to a Harry Styles concert
90. Kiss the Blarney Stone in Cork, Ireland!
100. Visit the San Juan Island.

Craig's Birthday Bucket List
August 4, 2022

101. Backpack the Appalachian Trail
102. Drive /Ride in Race Car with a Professional Driver
103. Travel to Mexico and do the following: visit the Aztec & Mayan Ruins, beaches, waterfalls, and enjoy all the delicious food! (Try new things)



DONATE NOW!

Craig recently celebrated the BIG 6-0 Birthday where employees contributed suggestions on Bucket List items he should consider. More than a few people suggested he burn his mask! Goal: \$500 and Craig will match \$500!

You can visit the Busy Bean or email Shannon if you'd like to donate via payroll deduct. Accepting donations through August 31.

Shannon Hitchcock

Chief Communications Officer / E.D. of the Foundation | Community Relations

PROSSER MEMORIAL HEALTH

723 MEMORIAL ST | PROSSER, WA 99350

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Attachment X



Prosser
Memorial Health
Balance Sheet
July 31, 2022

Assets					Liabilities & Fund Balance				
	7/31/2022	6/30/2022	7/31/2021	12/31/2021		7/31/2022	6/30/2022	7/31/2021	12/31/2021
Cash & Temporary Investments	10,747,477	10,553,645	5,569,052	9,316,646	Current Portion of Bonds Payable	880,908	879,553	845,060	871,489
COVID Cash Holding	38,580	145,788	2,758,111	1,546,716	Current Portion of USDA	-	-	-	-
Gross Patient Accounts Receivable	38,080,535	37,192,042	33,378,223	31,324,657	Current Portion Capital Leases	252,329	251,778	246,331	248,495
Less Allowances for Uncollectible	(24,120,000)	(23,340,000)	(20,744,000)	(19,716,000)	Accounts Payable	1,985,418	1,856,947	1,560,804	1,797,177
Net Patient Receivables	13,960,535	13,852,042	12,634,223	11,608,657	Payroll & Related Liabilities	3,597,049	3,495,017	2,934,516	3,410,607
Taxes Receivable	412,039	413,846	393,995	23,641	Cost Report Payable	404,568	440,257	1,312,265	510,126
Receivable from 3rd Party Payor	384,105	687,686	1,007,154	241,933	Other Payables to 3rd Parties	1,346,364	1,345,501	969,467	969,467
Inventory	545,300	595,057	425,609	570,651	Deferred LEOFF Pension	483,233	483,233	-	483,233
Prepaid Expenses	909,131	870,988	973,081	1,152,815	Deferred Tax Revenue	380,983	457,180	359,155	-
Other Current Assets	13,870	38,672	(1,115)	4,746	Deferred EHR Medicare Revenue	-	-	-	-
Total Current Assets	27,011,037	27,157,724	23,760,110	24,465,805	Deferred COVID Revenue	38,580	145,788	9,396,613	1,546,716
LEOFF Net Pension Asset	1,106,851	1,106,851		1,106,851	Accrued Interest Payable	37,952	19,670	38,665	19,670
Whitehead Fund - LGIP	1,219,093	1,217,425	1,214,411	1,214,855	Other Current Liabilities	-	-	-	-
Funded Depreciation - Cash	2,542,755	2,319,712	904,032	1,003,653	Total Current Liabilities	9,407,384	9,374,924	17,662,876	9,856,980
Funded Depreciation - TVI	16,768,158	16,768,158	16,791,856	17,537,681	Non Current Liabilities				
Bond Obligation Cash Reserve	767,543	767,539	767,504	767,520	Bonds Payable net of CP	9,141,892	9,190,826	9,979,105	9,482,042
USDA Debt Reserve Fund	-	-	-	-	USDA Financing Payable net of CP	-	-	-	-
Tax Exempt Lease Funds	-	-	53	-	Capital Leases net of CP	457,830	479,111	689,383	605,826
Board Designated Assets	22,404,400	22,179,685	19,677,856	21,630,560	Total Non Current Liabilities	9,599,722	9,669,937	10,668,488	10,087,868
Land	478,396	478,396	478,396	478,396	Total Liabilities	19,007,106	19,044,861	28,331,364	19,094,572
Property Plant & Equipment	47,620,690	47,510,279	43,924,214	46,165,427	Fund Balance				
Construction In Progress	5,682,682	5,152,556	4,372,981	4,226,277	Current YR Unrestricted Fund Balance	5,672,321	5,139,072	4,387,375	16,487,111
Accumulated Depreciation	(32,200,334)	(31,978,797)	(29,694,033)	(30,725,767)	Prior YR Unrestricted Fund Balance	49,065,096	49,065,095	32,577,984	32,577,984
Net Property Plant & Equipment	21,581,434	21,162,434	19,081,558	20,144,333	Restricted Fund Balance	-	-	-	-
Investment & Other Non Current Assets	1,002,212	1,003,745	1,031,759	1,023,805	Total Fund Balance	54,737,417	54,204,167	36,965,359	49,065,095
Land - Gap Road	1,745,440	1,745,440	1,745,440	1,745,440					
Net Investments & Other Non Current Assets	2,747,652	2,749,185	2,777,199	2,769,245					
Total Assets	\$ 73,744,523	\$ 73,249,028	\$ 65,296,723	\$ 69,009,943	Total Liabilities & Fund Balance	\$ 73,744,523	\$ 73,249,028	\$ 65,296,723	\$ 69,009,943



Statement of Operations
July 31, 2022

Month Ending		Prior		Year to Date		Prior					
Actual	Budget	Variance	%	Year	%	Actual	Budget	Variance	%	Year	%
\$ 3,644,634	\$ 3,755,741	\$ (111,107)	-3%	\$ 3,689,003	-1%	\$ 25,572,409	\$ 26,725,504	\$ (1,153,095)	-4%	\$ 23,591,978	8%
16,756,514	14,017,862	2,738,652	20%	13,202,982	27%	113,552,003	99,749,791	13,802,212	14%	87,695,491	29%
20,401,148	17,773,603	2,627,545	15%	16,891,985	21%	139,124,412	126,475,295	12,649,117	10%	111,287,469	25%
Gross Patient Services Revenue						Gross Patient Services Revenue					
Inpatient						Inpatient					
Outpatient						Outpatient					
Total Gross Patient Services Revenue						Total Gross Patient Services Revenue					
Deductions from Revenue						Deductions from Revenue					
Contractual Allowances						Contractual Allowances					
Medicare						Medicare					
Medicaid						Medicaid					
Negotiated Rates						Negotiated Rates					
Other Adjustments						Other Adjustments					
Gross Contractual Allowances						Gross Contractual Allowances					
Charity Care						Charity Care					
Bad Debt						Bad Debt					
Total Deductions From Revenue						Total Deductions From Revenue					
Net Patient Services Revenue						Net Patient Services Revenue					
COVID Net Revenue						COVID Net Revenue					
Other Operating Revenue						Other Operating Revenue					
Net Revenue						Net Revenue					
Operating Expenses						Operating Expenses					
Salaries						Salaries					
Benefits						Benefits					
Purchased Labor						Purchased Labor					
Sub-Total Labor Costs						Sub-Total Labor Costs					
Professional Fees - Physicians						Professional Fees - Physicians					
Professional Fees - Other						Professional Fees - Other					
Supplies						Supplies					
Purchased Services - Utilities						Purchased Services - Utilities					
Purchased Services - Other						Purchased Services - Other					
Rentals & Leases						Rentals & Leases					
Insurance License & Taxes						Insurance License & Taxes					
Depreciation & Amortization						Depreciation & Amortization					
Other Operating Expenses						Other Operating Expenses					
Sub-Total Non-Labor Expenses						Sub-Total Non-Labor Expenses					
Total Operating Expenses						Total Operating Expenses					
Operating Income (Loss)						Operating Income (Loss)					
Non Operating Income						Non Operating Income					
Tax Revenue						Tax Revenue					
Investment Income						Investment Income					
Interest Expense						Interest Expense					
Other Non Operating Income (Expense)						Other Non Operating Income (Expense)					
Total Non Operating Income						Total Non Operating Income					
Net Income (Loss)						Net Income (Loss)					



Statement of Operations 13-month Trend

	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22
Gross Patient Services Revenue														
Inpatient	\$ 3,464,309	\$ 3,689,003	\$ 4,327,455	\$ 3,536,125	\$ 3,463,893	\$ 3,043,354	\$ 3,406,566	\$ 3,605,247	\$ 3,288,747	\$ 3,726,370	\$ 4,138,763	\$ 3,310,749	\$ 3,857,898	\$ 3,644,634
Outpatient	14,292,979	13,202,982	14,529,135	13,294,650	12,964,572	13,593,213	14,195,193	13,346,293	14,047,763	17,199,727	16,039,568	17,523,148	18,638,990	16,756,514
Total Gross Patient Services Revenue	17,757,288	16,891,985	18,856,590	16,830,775	16,428,465	16,636,567	17,601,759	16,951,540	17,336,510	20,926,097	20,178,331	20,833,897	22,496,888	20,401,148
Deductions from Revenue	38%	39%	39%	38%	41%	39%	40%	38%	40%	38%	33%	38%	35%	35%
Contractual Allowances														
Medicare	3,345,847	3,421,358	3,603,120	3,526,574	3,000,655	3,266,390	3,200,913	3,393,158	3,902,405	3,785,864	4,551,851	4,308,246	5,205,426	4,601,476
Medicaid	3,706,068	3,771,972	4,364,148	3,880,351	3,619,215	3,668,725	3,909,940	4,012,377	2,920,563	4,802,755	4,652,839	4,548,393	4,701,779	4,559,333
Negotiated Rates	2,367,321	2,132,345	2,645,102	2,028,743	2,278,447	2,412,022	2,549,312	2,379,307	2,584,862	2,978,601	2,714,651	2,834,178	3,257,683	2,888,068
Other Adjustments	424,260	177,968	308,420	442,001	648,306	368,145	398,392	199,926	624,993	626,880	654,495	818,520	652,908	
Gross Contractual Allowances	9,843,496	9,503,643	10,920,790	9,877,669	9,546,623	9,715,282	10,058,557	9,984,768	10,032,823	12,194,100	13,248,289	12,345,312	13,983,408	12,701,785
Charity Care	468,382	237,782	303,523	375,097	285,889	296,306	599,602	341,961	354,814	452,226	343,536	438,650	521,022	351,581
Bad Debt	708,901	575,286	287,566	114,155	(144,638)	103,191	(114,798)	214,560	(24,155)	243,688	(92,400)	221,628	(133,838)	297,843
Total Deductions From Revenue	11,020,779	10,316,711	11,511,879	10,366,921	9,687,874	10,114,779	10,543,361	10,541,289	10,363,482	12,890,014	13,499,425	13,005,590	14,370,592	13,351,209
Net Patient Services Revenue	6,736,509	6,575,274	7,344,711	6,463,854	6,740,591	6,521,788	7,058,398	6,410,251	6,973,028	8,036,083	6,678,906	7,828,307	8,126,296	7,049,939
COVID Grant Revenue	226,430	85,966	6,628,311	1,106,281	337,283	1,496,853	25,046	455,985	107,900	50,843	712,772	52,506	249,375	107,208
Other Operating Revenue	86,667	(52,827)	26,327	16,804	206,955	19,922	28,650	118,972	(76,453)	23,220	50,187	23,821	15,152	27,206
Net Revenue	7,049,606	6,608,413	13,999,349	7,586,939	7,284,829	8,038,563	7,112,094	6,985,208	7,004,475	8,110,146	7,441,865	7,904,634	8,390,823	7,184,353
Operating Expenses	52%	59%	51%	65%	55%	59%	52%	63%	52%	48%	63%	60%	51%	59%
Salaries	2,609,505	2,774,116	2,838,758	3,349,881	2,742,169	2,734,884	3,303,928	2,972,517	2,772,043	2,865,229	2,980,200	3,595,919	3,007,956	3,130,198
Benefits	624,077	713,049	573,865	578,262	832,824	685,761	68,030	827,743	492,813	753,577	929,136	864,394	805,166	737,393
Purchased Labor	268,999	384,634	308,636	270,875	152,018	427,135	310,891	250,000	386,545	269,484	288,146	267,672	328,737	321,151
Sub-Total Labor Costs	3,502,581	3,871,799	3,721,259	4,199,018	3,727,011	3,847,780	3,682,849	4,050,260	3,651,401	3,888,290	4,197,482	4,727,985	4,141,859	4,188,742
Professional Fees - Physicians	364,644	326,073	375,128	368,393	344,807	333,691	399,338	407,364	333,806	386,705	382,778	391,045	482,125	424,354
Professional Fees - Other	34,416	45,335	103,477	39,174	62,259	82,246	30,749	41,222	61,379	103,229	64,244	(26,169)	54,282	41,765
Supplies	828,536	951,041	1,328,441	1,114,451	1,255,438	877,373	1,080,455	1,134,236	1,003,996	1,100,475	961,608	1,416,520	1,182,777	1,122,439
Purchased Services - Utilities	20,830	57,017	49,501	44,629	34,396	26,701	33,590	49,802	23,513	49,904	37,431	33,429	46,709	53,512
Purchased Services - Other	367,935	249,401	365,859	400,511	277,356	423,787	458,116	335,478	381,919	365,468	382,103	477,295	319,531	330,670
Rentals & Leases	181,177	202,763	194,310	215,090	147,779	180,858	111,591	181,248	191,423	236,771	216,425	119,924	159,032	149,762
Insurance License & Taxes	81,728	81,479	81,749	120,304	90,770	97,105	92,103	99,053	87,858	87,811	101,813	94,344	112,234	87,476
Depreciation & Amortization	185,332	186,035	185,801	186,122	195,247	204,290	268,228	212,599	211,565	215,248	220,087	207,039	222,140	223,071
Other Operating Expenses	106,650	101,802	80,833	96,773	109,760	152,045	92,216	158,066	105,914	110,506	100,267	78,539	133,508	79,775
Sub-Total Non-Labor Expenses	2,171,248	2,200,946	2,765,099	2,585,447	2,517,812	2,378,096	2,566,386	2,619,068	2,401,373	2,656,117	2,466,756	2,791,966	2,712,338	2,512,824
Total Operating Expenses	5,673,829	6,072,745	6,486,358	6,784,465	6,244,823	6,225,876	6,249,235	6,669,328	6,052,774	6,544,407	6,664,238	7,519,951	6,854,197	6,701,566
Operating Income (Loss)	1,375,777	535,668	7,512,991	802,474	1,040,006	1,812,687	862,859	315,880	951,701	1,565,739	777,627	384,683	1,536,626	482,787
Non Operating Income														
Tax Revenue	75,669	70,182	75,744	71,831	73,342	71,831	73,097	74,817	80,262	88,426	77,100	74,594	80,517	78,534
Investment Income	(13,526)	575	466	2,347	11,834	(24,802)	(146,092)	476	476	(571,938)	11,722	8,769	(186,482)	2,158
Interest Expense	(32,877)	(31,404)	(32,572)	(33,739)	(32,265)	(32,361)	(20,143)	(31,143)	(60,844)	(21,572)	(30,723)	(39,532)	(21,447)	(30,255)
Other Non Operating Income (Expense)	-	4,200	-	-	-	-	6,000	-	81,261	14,920	(2,497)	(20,347)	-	-
Total Non Operating Income	29,266	39,353	47,838	40,439	52,911	14,668	(87,138)	44,150	101,155	(490,164)	55,602	23,484	(127,412)	50,437
Net Income (Loss)	\$ 1,405,043	\$ 575,021	\$ 7,560,829	\$ 842,913	\$ 1,092,917	\$ 1,827,355	\$ 775,721	\$ 360,030	\$ 1,052,856	\$ 1,075,575	\$ 833,229	\$ 408,167	\$ 1,409,214	\$ 533,224
Total Margin	19.8%	8.6%	53.8%	11.1%	14.9%	22.7%	11.0%	5.1%	14.8%	14.1%	11.1%	5.1%	17.1%	7.4%
Margin (Non Operating Income)	19.5%	8.1%	53.7%	10.6%	14.3%	22.5%	12.1%	4.5%	13.6%	14.1%	10.4%	4.9%	18.3%	6.7%
Salaries as a % of Net Revenue	37.0%	42.0%	20.3%	44.2%	37.6%	34.0%	46.5%	42.6%	39.6%	35.3%	40.0%	45.5%	35.8%	43.6%
Labor as a % of Net Revenue	49.7%	58.6%	26.6%	55.3%	51.2%	47.9%	51.8%	58.0%	52.1%	47.9%	56.4%	59.8%	49.4%	58.3%
Operating Expense change from prior month	0%	7%	7%	5%	-4%	-4%	-4%	3%	-7%	1%	3%	16%	6%	3%
Gross Revenue change from prior month	6%	-5%	12%	-11%	-13%	-12%	-7%	-10%	-8%	11%	7%	10%	19%	8%
Net Revenue change from prior month	15%	-6%	112%	-46%	-48%	-43%	-49%	-50%	-50%	-42%	-47%	-44%	-40%	-49%



Prosser
Memorial Health
Statement of Cash Flows
July 31, 2022

CURRENT MONTH		YEAR TO DATE
Actual		Actual
	NET INCOME TO NET CASH BY OPERATIONS	
	NET INCOME (LOSS)	5,672,321
533,224		
223,071	Depreciation Expense	1,511,750
-	Amortization	-
-	Loss (Gain) on Sale of Assets	-
756,295	TOTAL	7,184,071
	WORKING CAPITAL	
233,311	Decrease (Increase) in Assets	(2,622,537)
32,460	Increase (Decrease) in Liabilities	(449,596)
1,022,066	NET CASH PROVIDED BY OPERATIONS	4,111,938
	CASH FLOWS FROM INVESTING ACTIVITIES	
(640,537)	Capital Purchasing	(2,911,668)
-	Proceeds on Capital Assets Sold	-
(70,190)	Investment Activity	(503,735)
(710,727)	NET CASH USED BY INVESTING ACTIVITIES	(3,415,403)
311,339	NET CHANGE IN CASH	696,535
	CASH BALANCE	
32,879,118	BEGINNING	32,493,922
33,190,457	ENDING	33,190,457
311,339	NET CASH FLOW	696,535



Prosser
Memorial Health
Direct Cash Flow Statement
July 31, 2022

	<u>June</u> <u>2021</u>	<u>July</u> <u>2021</u>	<u>August</u> <u>2021</u>	<u>September</u> <u>2021</u>	<u>October</u> <u>2021</u>	<u>November</u> <u>2021</u>	<u>December</u> <u>2021</u>	<u>January</u> <u>2022</u>	<u>February</u> <u>2022</u>	<u>March</u> <u>2022</u>	<u>April</u> <u>2022</u>	<u>May</u> <u>2022</u>	<u>June</u> <u>2022</u>	<u>July</u> <u>2022</u>
CASH FLOWS FROM OPERATING														
PAYMENTS RECEIVED														
Commercial	2,942,914	2,651,970	2,898,177	3,130,632	3,153,931	2,875,267	3,330,492	2,870,461	2,644,488	3,345,808	3,083,155	3,080,772	3,456,092	3,664,670
Medicaid	1,744,690	1,672,738	1,588,232	2,103,782	1,687,063	1,529,067	1,709,233	1,527,015	1,438,583	1,933,332	1,793,945	1,717,575	1,999,159	1,776,093
Medicare	2,032,441	1,638,886	1,879,928	1,638,399	1,603,757	1,599,329	1,813,966	1,682,223	1,406,927	1,706,618	1,682,098	1,847,438	2,223,897	1,689,671
VA	18,589	64,834	88,287	56,988	52,706	66,281	119,229	83,053	37,616	94,447	100,585	74,713	18,848	46,441
Worker's Comp	148,895	146,239	100,236	109,063	145,456	130,592	154,764	154,456	80,761	125,210	100,871	123,467	196,392	274,009
Self Pay	149,680	168,795	121,182	163,813	108,110	129,044	97,535	65,480	93,400	120,387	66,663	98,505	69,161	123,196
Other Non Patient Payments	425,634	53,644	435,091	101,670	1,465,202	2,014,478	112,073	266,052	212,934	467,464	425,160	996,244	538,087	218,554
Cash Received (Patients, Insurance, Other)	7,462,843	6,397,106	7,111,133	7,304,347	8,216,225	8,344,058	7,337,292	6,648,740	5,914,709	7,793,266	7,252,477	7,938,714	8,501,636	7,792,634
Patient Refunds	(19,388)	(21,959)	(1,590)	(35,193)	(28,515)	(30,265)	(30,265)	(37,922)	(9,381)	(52,430)	(26,079)	(30,262)	(15,402)	(15,948)
AP Expenses	(2,503,723)	(2,425,738)	(3,291,615)	(3,276,658)	(3,837,948)	(3,398,633)	(1,628,648)	(3,425,965)	(2,483,587)	(4,162,503)	(4,176,244)	(4,332,217)	(3,764,079)	(2,414,895)
Settlement LumpSum Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll Expenses	(2,527,250)	(3,843,249)	(2,646,771)	(2,640,425)	(3,402,985)	(2,684,405)	(4,109,423)	(2,878,211)	(2,861,203)	(2,826,391)	(3,848,358)	(2,937,045)	(3,013,974)	(4,355,448)
Loan/Interest Expense	(171,436)	(57,467)	(57,467)	(114,934)	(57,467)	-	(456,436)	(57,467)	(57,467)	(57,467)	(57,467)	(57,467)	(224,627)	(54,467)
NET CASH PROVIDED BY OPERATING	2,241,046	48,693	1,113,690	1,237,137	889,310	2,230,755	1,112,520	249,175	503,071	694,475	(855,671)	581,723	1,483,554	951,876
CASH FLOWS FROM INVESTING ACTIVITIES														
Capital Purchasing	(756,111)	(509,764)	(337,064)	(421,857)	(175,878)	(772,834)	(386,876)	(641,743)	(216,418)	(134,128)	(249,106)	(371,445)	(658,291)	(640,537)
NET CASH USED BY INVESTING ACTIVITIES	(756,111)	(509,764)	(337,064)	(421,857)	(175,878)	(772,834)	(386,876)	(641,743)	(216,418)	(134,128)	(249,106)	(371,445)	(658,291)	(640,537)
NET CHANGE IN CASH	1,484,935	(461,071)	776,626	815,280	713,432	1,457,921	725,644	(392,568)	286,653	560,347	(1,104,777)	210,278	825,263	311,339
CASH BALANCE														
BEGINNING	26,981,155	28,466,090	28,005,019	28,781,645	29,596,925	30,310,357	31,768,278	32,493,922	32,101,354	32,388,007	32,948,354	31,843,577	32,053,855	32,879,118
ENDING	28,466,090	28,005,019	28,781,645	29,596,925	30,310,357	31,768,278	32,493,922	32,101,354	32,388,007	32,948,354	31,843,577	32,053,855	32,879,118	33,190,457
NET CASH FLOW	1,484,935	(461,071)	776,626	815,280	713,432	1,457,921	725,644	(392,568)	286,653	560,347	(1,104,777)	210,278	825,263	311,339



Key Operating Statistics
July 31, 2022

Month Ending				Year to Date				Prior	Change	
Actual	Budget	Variance	%		Actual	Budget	Variance	%	Year	
Key Volumes										
279	256	23	9%	Inpatient Acute Days	1,984	1,752	232	13%	1,897	5%
168	153	15	10%	Inpatient Swing Days	650	1,045	(395)	-38%	637	2%
447	409	38	9%	Total Inpatient Days	2,634	2,798	(164)	-6%	2,534	4%
121	153	(32)	-21%	Inpatient Admissions	767	1,045	(278)	-27%	791	-3%
119	153	(34)	-22%	Inpatient Discharges	757	1,045	(288)	-28%	793	-5%
6	12	(6)	-49%	Swing Bed Discharges	35	80	(45)	-56%	55	-36%
2,502	1,936	566	29%	Adjusted Patient Days	14,330	13,240	1,090	8%	11,953	20%
14.42	13.20	1.22	9%	Average Daily Census	12.42	13.20	(0.77)	-6%	11.95	4%
666	723	(57)	-8%	Adjusted Discharges	4,118	4,948	(829)	-17%	3,741	10%
2.34	1.68	0.67	40%	Average Length of Stay - Hospital	2.62	1.68	0.94	56%	2.39	10%
14.00	13.04	0.96	7%	Average Length of Stay - Swing Bed	14.00	13.04	0.96	7%	11.58	21%
58%	53%	5%	9%	Acute Care Occupancy (25)	50%	53%	-3%	-6%	48%	4%
57	51	6	12%	Deliveries	331	348	(17)	-5%	343	-3%
284	191	93	49%	Total Surgical Procedures	1,783	1,306	477	36%	1,144	56%
92	67	25	38%	GI Procedures	595	457	138	30%	#DIV/0!	
1,384	1,104	280	25%	Emergency Dept Visits	8,871	7,551	1,320	17%	7,118	25%
13,972	14,268	(296)	-2%	Laboratory Tests	99,907	97,578	2,329	2%	101,205	-1%
2,691	2,906	(215)	-7%	Radiology Exams	19,893	19,873	20	0%	20,971	-5%
1,272	1,378	(106)	-8%	PMH Specialty Clinic	9,920	9,424	496	5%	8,955	11%
718	885	(167)	-19%	PMH - Benton City Clinic Visits	5,222	6,050	(828)	-14%	5,507	-5%
1,152	1,316	(164)	-12%	PMH - Prosser Clinic Visits	7,971	9,000	(1,029)	-11%	9,346	-15%
904	987	(83)	-8%	PMH - Grandview Clinic Visits	6,632	6,752	(120)	-2%	4,567	45%
554	692	(138)	-20%	PMH - Women's Health Clinic Visits	4,174	4,735	(561)	-12%	4,424	-6%
LABOR FULL-TIME EQUIVALENT										
325.45	345.07	19.62	6%	Employed Staff FTE's	317.03	345.07	28.04	8%	279.66	13%
35.27	34.75	(0.52)	-1%	Employed Provider FTE	33.84	34.75	0.91	3%	30.74	10%
360.72	379.82	19.10	5%	All Employee FTE's	350.87	379.82	28.95	8%	310.40	13%
306.14	303.86	(2.28)	-1%	Productive FTE's	307.00	303.86	(3.14)	-1%	275.56	11%
14.15	18.65	4.50	24%	Outsourced Therapy FTE's	13.63	18.65	5.02	27%	15.39	-11%
8.36	11.65	3.29	28%	Contracted Staff FTE's	7.82	11.65	3.83	33%	7.32	7%
22.51	30.30	7.79		All Purchased Staff FTE's	21.45	30.30	8.85	29%	22.71	-6%
8.99	12.00	3.01	25%	Contracted Provider FTE's	8.05	12.00	3.95	33%	7.47	8%
392.22	422.12	29.90	7%	All Labor FTE's	380.37	422.12	41.75	10%	340.58	12%



Prosser
Memorial Health
Financial Operations
July 31, 2022

	YTD 2021	YTD 2022	YTD Budget 2022
Utilization			
Admissions	791	767	1,045
Adjusted Admissions	3,731	4,173	4,948
Average Daily Census	8.9	9.4	8.3
Adjusted Occupied Beds	42.2	50.9	39.1
Average Length of Stay (days)	2.4	2.6	1.7
Outpatient Revenue %	78.8%	81.6%	78.9%
Total Yield (net patient revenue)	20.3%	-3.1%	38.3%
Hospital Case Mix Index	0.99	1.00	1.00
Average Charge Per Patient Day	9,310	9,709	9,552
Financial Performance (\$000)			
Net Patient Revenue	43,710	51,103	50,036
Total Operating Revenue	44,465	53,022	51,107
Total Operating Expense	40,319	47,006	47,991
Income (Loss) from Operations	4,146	6,015	3,117
Excess of Revenue Over Expenses	4,387	5,672	3,347
EBIDA (Operating Cash Flow)	5,406	7,527	4,492
Additions to Property, Plant, and Equipment	4,350	2,912	433
Balance Sheet (\$000)			
Unrestricted Cash and Investments	8,327	10,786	16,686
Accounts Receivable (gross)	33,378	38,081	26,541
Net Fixed Assets	19,082	21,581	31,774
Current and Long-Term Liabilities (excluding LT debt)	17,663	9,407	7,884
Long-Term Debt	9,979	9,142	8,928
Total Liabilities	27,642	18,549	16,812
Net Worth	36,965	54,737	55,460

	YTD 2021	YTD 2022	YTD Budget 2022
Key Ratios			
Operating Margin (%)	9.3%	11.3%	6.1%
Excess Margin (%)	9.8%	10.8%	6.5%
Operating EBIDA Margin (Operating Cash Flow)	12.2%	14.2%	8.8%
Average Expense per Adjusted Patient Days	3,373	3,280	3,625
Average Net Revenue per Adjusted Patient Days	3,657	3,566	3,779
Net Accounts Receivable (days)	57.48	54.62	53.53
Current Ratio (x)	1.35	2.87	3.80
Cash on Hand (days)	137	154	109
Cushion Ratio (x)	109.80	140.93	43.67
Return on Equity (%)	11.87%	10.36%	11.01%
Capital Spending Ratio	2.91	2.47	0.61
Average Age of Plant (Years)	13.75	12.43	10.52
Debt Service	4.02	5.01	6.55
Debt-to-Capitalization (%)	24%	16%	12.78%
Patient Revenue Sources by Gross Revenue (%)			
Medicare	32.2%	31.5%	32.2%
Medicaid	30.8%	30.5%	30.8%
Commercial Insurance	29.3%	31.6%	29.3%
Self-pay and Other	4.4%	3.0%	4.4%
Labor Metrics			
Productive FTE's (incl contract labor)	305.74	336.50	346.16
Total FTE's (incl contract labor)	340.58	380.37	422.12
Labor Cost (incl benefits) per FTE - Annualized	126,285	130,006	116,890
Labor Cost (incl benefits) as a % of Net Operating Revenue	56.4%	54.4%	56.3%
Net Operating Revenue per FTE - Annualized	223,811	238,962	207,553
Operating Expense per FTE - Annualized	202,941	211,853	194,896

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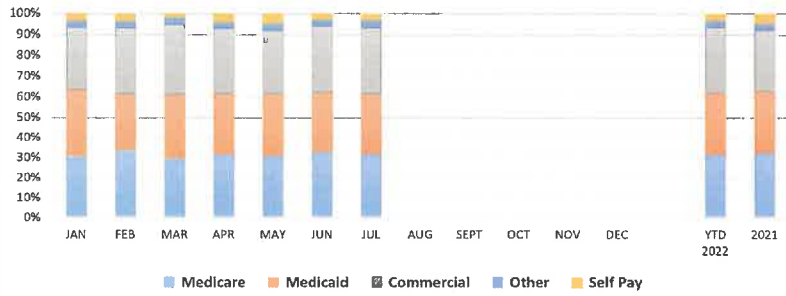
**Revenue by Financial Class
July 31, 2022**

Month	Medicare	Medicaid	Commercial	Other	Self Pay	Total
JAN	30.6%	33.1%	29.9%	3.4%	3.0%	100.0%
FEB	33.6%	28.3%	31.5%	3.4%	3.2%	100.0%
MAR	29.6%	31.8%	33.6%	3.5%	1.5%	100.0%
APR	31.5%	30.2%	31.5%	2.9%	3.9%	100.0%
MAY	30.9%	30.8%	30.5%	3.4%	4.5%	100.0%
JUN	32.8%	29.7%	31.8%	3.0%	2.6%	100.0%
JUL	31.8%	30.0%	31.7%	3.7%	2.8%	100.0%
AUG						
SEPT						
OCT						
NOV						
DEC						
YTD 2022	31.5%	30.5%	31.6%	3.3%	3.0%	100.0%
2021	32.2%	30.8%	29.3%	3.3%	4.4%	100.0%

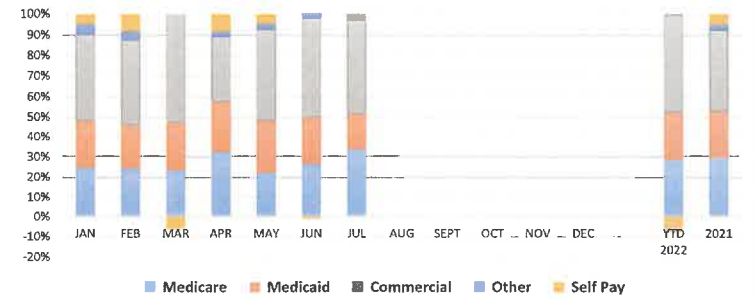
**Net Revenue by Financial Class
July 31, 2022**

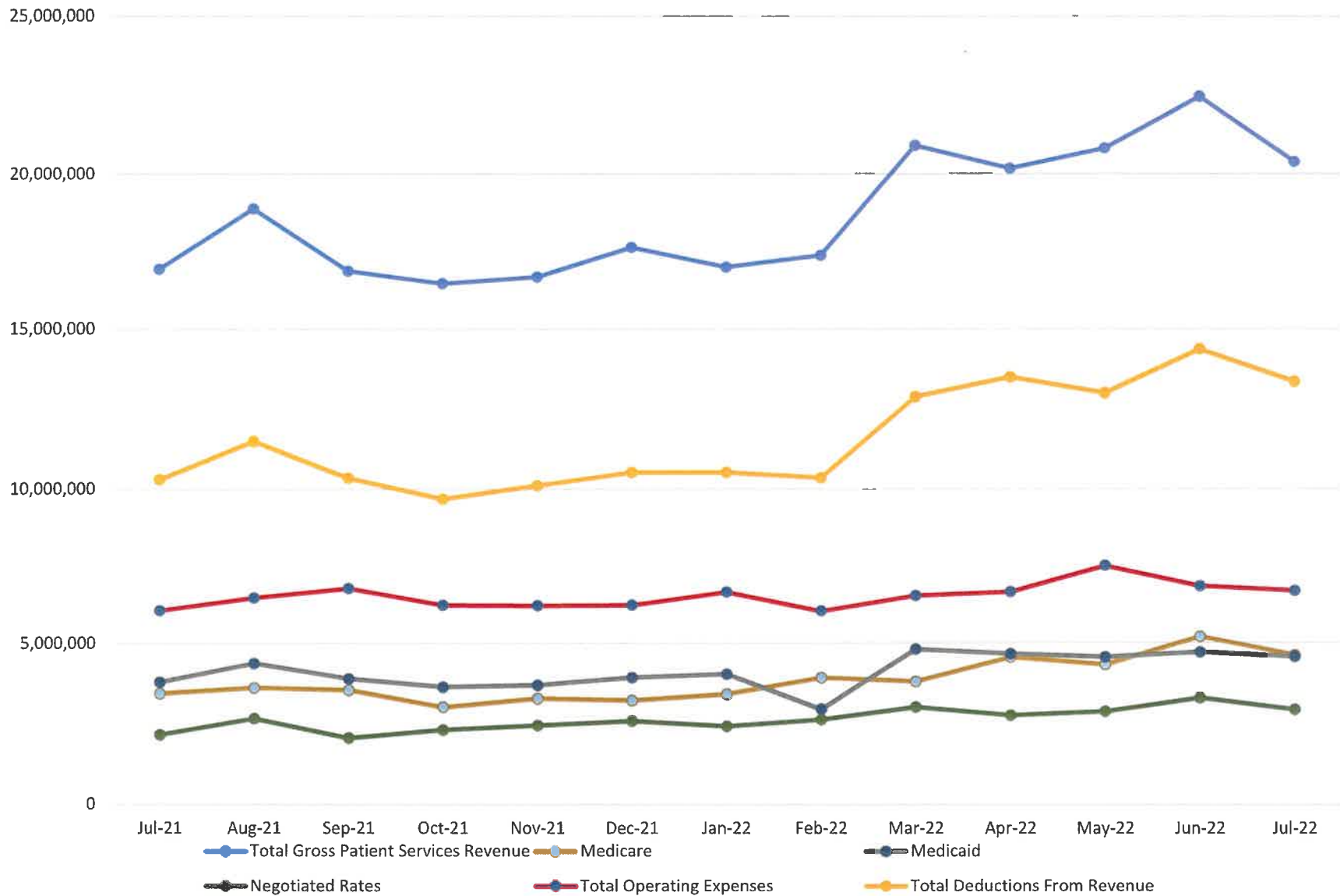
Month	Medicare	Medicaid	Commercial	Other	Self Pay	Total
JAN	24.9%	23.6%	42.0%	5.2%	4.3%	100.0%
FEB	24.7%	21.6%	41.5%	4.6%	7.6%	100.0%
MAR	23.6%	24.0%	54.5%	3.8%	-6.0%	100.0%
APR	32.6%	25.2%	31.8%	2.7%	7.7%	100.0%
MAY	22.3%	26.2%	44.5%	2.8%	4.1%	100.0%
JUN	26.8%	23.2%	48.0%	2.4%	-0.5%	100.0%
JUL	33.9%	17.9%	45.2%	2.2%	0.7%	100.0%
AUG						
SEPT						
OCT						
NOV						
DEC						
YTD 2022	28.5%	24.3%	47.1%	7.6%	-7.5%	100.0%
2021	29.8%	23.5%	39.5%	2.7%	4.5%	100.0%

2022 Gross Revenue by Financial Class

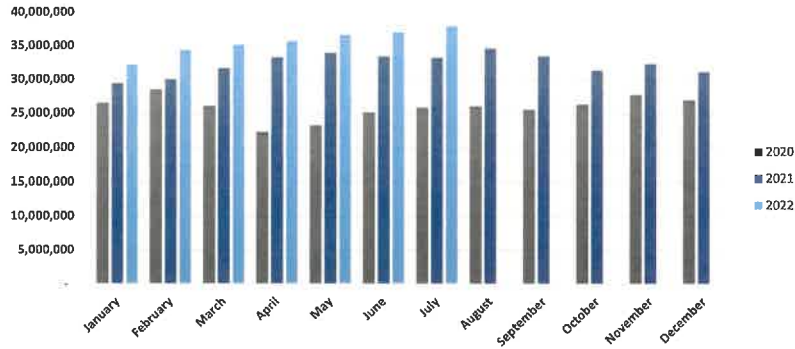


2022 Net Revenue by Financial Class

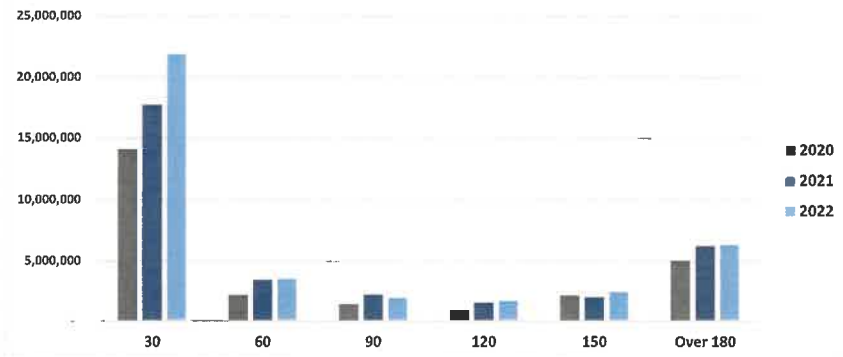




AR Balance Trend - 2020-2022



AR Age Comparative 2020-2022



AR Balance Trend

	2017	2018	2019	2020	2021	2022	% Change
January	13,660,199	16,931,510	19,428,531	26,540,403	29,542,976	32,260,939	9%
February	14,529,841	16,911,324	19,146,130	28,567,785	30,120,411	34,474,143	14%
March	15,115,376	14,989,166	19,513,147	26,130,696	31,816,016	35,287,961	11%
April	15,752,955	15,852,894	19,692,139	22,350,961	33,444,324	35,889,741	7%
May	15,131,907	16,812,980	19,455,887	23,319,876	34,107,637	36,813,211	8%
June	15,446,995	16,291,895	21,223,053	25,197,275	33,577,529	37,192,042	11%
July	15,918,959	15,979,415	20,206,074	25,943,825	33,378,224	38,080,535	14%
August	17,412,422	16,633,907	20,028,246	26,144,421	34,777,364		
September	17,547,651	17,129,789	23,681,156	25,640,562	33,643,597		
October	15,948,473	16,950,256	25,724,222	26,432,788	31,514,355		
November	16,292,336	17,374,013	25,655,024	27,862,474	32,541,479		
December	16,777,361	17,137,550	25,486,600	27,102,309	31,324,657		

AR Age Balance Comparative

	30	60	90	120	150	Over 180
2016	6,798,102	2,490,844	1,432,313	1,090,388	2,215,556	2,247,831
2017	7,419,013	2,612,465	1,185,484	909,670	965,820	2,826,506
2018	9,651,064	1,839,595	1,112,657	916,254	676,380	1,783,466
2019	12,233,743	1,775,867	1,354,447	1,069,151	1,346,721	2,426,145
2020	14,133,998	2,250,831	1,435,259	927,314	2,170,253	5,026,170
2021	17,715,057	3,500,506	2,275,159	1,579,232	2,049,892	6,258,378
2022	21,910,849	3,587,527	1,983,621	1,729,190	2,506,817	6,362,531

AR Percentage of Total Balance

2016	42%	15%	9%	7%	14%	14%
2017	47%	16%	7%	6%	6%	18%
2018	60%	12%	7%	6%	4%	11%
2019	61%	9%	7%	5%	7%	12%
2020	54%	9%	6%	4%	8%	19%
2021	53%	10%	7%	5%	6%	19%
2022	56%	9%	5%	5%	7%	17%



Prosser

Memorial Health

Lease Schedule

As of:

July 31, 2022

Building Rentals

Lease	Effective Date	Term Date	Auto Renew	Payment Amount		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total
Prosser Professional Center	May-17	April-32		20,687.55	RHC	253,240	255,698	260,838	263,369	263,369	268,663	271,270	276,722	282,174	287,790	45,020		3,222,270
Prosser Professional Center	May-17	April-32		9,583.00	Therapy	115,000	116,650	120,000	121,188	123,600	124,824	127,308	128,568	131,127	132,425	95,930		1,566,620
Prosser Family Fitness Pool	Jul-15	Jul-22		32,812.50	Therapy	73,625	16,000	16,000	16,000	16,000	8,000							408,125
Benton City Professional Center	May '12	2027		14,000.00	Family Med	168,000	168,000	168,000	168,000	168,000	56,000							1,232,000
Benton City Professional Center	May '12	2027		4,775.00	Pain Clinic	57,300	57,300	57,300	57,300	57,300	19,100							420,200
Yakima Valley Farmworkers	Oct-06	Oct-47		16,539.93	Spec Clinic	190,400	62,400	63,960	65,559	67,198	68,878	70,600	72,365	74,174	76,028	77,929	79,877	1,366,327
Chardonay Building with Builder	Jun-13	Jun-28		9,082.00	OB/GYN	108,984	108,984	108,984	108,984	108,984	108,985	49,951						921,824
Total Building Leases						966,549	785,032	795,082	800,400	804,451	654,449	519,129	477,656	487,475	496,244	218,880	79,877	9,137,366

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- 41770060 BUILDING RENTAL -PT
- 41770721 BUILDING RENTAL -ST
- 41770722 BUILDING RENTAL -OT

Leased Equipment

Lease	Effective Date	Term Date		Payment Amount														Total
Stryker - Fee per Case agreement	Mar-18	Mar-23		7,739.16		92,870	23,217											394,697
Biomerieux	Dec-19	Dec-24		798.70		9,584	9,584	8,786										47,922
Flex Financial (MAKO)	Oct-19	Oct-24		21,157.04		233,779	233,779	175,335										1,168,897
Karl Storz	Mar-21	Aug-23		5,838.37		70,060	46,707											175,151
Leaf	Sep-16	Sep-20	Renewed	7,807.00		93,684	93,684	93,684										336,000
Baxter - Infusion Pumps	Aug-17	Aug-22		193.80		1,550												6,202
Baxter - Spectrum SW	Aug-17	Aug-22		60.00		480												1,920
Quadient	Apr-20	Jul-25		282.00		3,384	3,384	3,384	1,974									17,766
Total Equipment Leases						505,393	410,356	281,188	1,974	-	-	-	-	-	-	-	-	2,701,560
Total Future Leases						1,471,942	1,195,388	1,076,270	802,374	804,451	654,449	519,129	477,656	487,475	496,244	218,880	79,877	11,838,926

Capital Expenditure Budget

GL #	DEPARTMENT	YEAR	DESCRIPTION	APPROVED COST	Spent To Date	Purchase Date
60700	Med/Surg	2022	Sit to Stand Chair	10,000		
		2022	Blanket warmer	6,000		
		2022	Child Cribs (x2)	18,000		
		2022	Sleeper Sofa - Room 4	5,500		
		2022	Zoll Monitor	50,000		
70100	Family Birthplace	2022	Draeger Infant Warmer	13,224		
70200	Surgical Services	2021	Colonoscope Sterilizer	80,000	86,166	5/1/2022
		2022	Erbe	72,062	49,320	1/1/2022
		2022	Olympus Colonoscopes (x4)	185,038	185,038	11/24/2021
		2022	Stryker SPY-PHI (blood flow monitor)	115,000	121,951	6/1/2022
		2022	Megadyne Ace Blade	13,500		
		2022	Gastrosopes (x2)	46,000	50,662	7/1/2022
2022	Flexible Uteroscope	15,500				
70700	Laboratory	2021	Nova Biomedical Stat Profile	13,227		
		2022	Chemistry Freezer	6,658	6,332	5/1/2022
		2022	RALS middleware interface	29,363		
		2022	Bugsy - EPIC module IC surveillance	90,000		
71400	Diagnostic Imaging	2021	TEE Service Line	132,234	31,480	*ongoing
		2022	i-STAT blood analyzer	11,868		
71800	Cardiopulmonary	2022	Philips V60 BiPAP Interface	43,322		
		2022	PFT Interface (Easy Pro)	15,000		
		2022	Hamilton Ventilator Interface	15,000	34,852	7/1/2022
72000	Physical Therapy	2022	Chattanooga VECTRA GENESYS	5,736		
72300	Emergency Dept	2022	Stryker Stretchers (x3)	22,300		
		2022	ED EHR Module	10,000		
		2022	Metro Carts (x2)	15,000		
		2022	Altrix Unit	30,000		
		2022	Level 1 Unit	8,000		
2022	Zoll Monitor	50,000				
72500	OSP	2021	Exam Chair	11,000		
		2021	Blanket Warmer	5,000		
		2022	New Patient Care divider curtains	7,000		
72600	Benton City	2021	Security Cameras	12,000		
		2022	Repainting of Building	38,622		
		2022	Remodel for Provider Office	7,020		
72630	Grandview	2022	Venue Go Ultrasound	44,890		
		2022	Cabinet and Desk Remodel	15,000		
72640	Women's Health	2022	Blanket Warmer	5,000		
		2022	Fluid Warmer	5,000		
72700	Specialty Clinic	2022	Medtronic Pill Capsule	17,889	16,019	1/1/2022
		2022	Provation Prof Fees Documenting SW	26,405	26,405	1/31/2022
		2022	Olympus Scopes	56,104		
84600	Environmental Services	2022	Carpet Shampooer	13,000		
		2022	Floor Scrubber	15,000		
85400	Information Technology	2022	Virtual Desktop Expansion	91,471		
		2022	Replacement Firewall	33,201	42,975	6/1/2022
		2022	Server Storage Archiving	14,000		
		2022	Interpreter Compliance HW/SW	20,000	24,998	*ongoing
85600	Scheduling Call Center	2022	Call Center Cubicle Set up	30,000	813	4/30/2022
87400	Employee Health	2022	@Net Health Agility	18,500		
			2022 Capital Items	1,401,400	\$ 65,339	
			2021 Carryover Approved Capital Items	212,234	\$ 31,480	
			TOTAL	\$ 1,613,634	\$ 677,011	
NON BUDGETED CAPITAL - BOARD APPROVED DURING 2022						
70200	Surgery	2022	Universal Driver (Stryker)		26,728	1/1/2022
70200	Surgery	2022	WM-DP# Mobile Workstation		70,539	2/1/2022
70200	Surgery	2022	Neptune 3 Rover		17,157	3/1/2022
85300	Patient Financial Svcs	2021	COVID Business Office Remodel		78,491	4/1/2022
					\$ 192,915	
					\$ 869,926	



Prosser

Memorial Health

As of:
July 31, 2022

Capital Project Expenditures

<u>Project Name</u>	<u>Budget</u>	<u>May-22</u>	<u>Jun-22</u>	<u>Jun-22</u>
CIP - New Prosser Hospital		4,268,385	4,762,150	5,236,150
CIP - Gap Rd Land Improvement		118,571	118,571	118,571
	78,400,000	4,386,956	4,880,721	5,354,721
CIP - DI TEE Project	132,234	-	-	-
CIP - Dermatology Clinic	235,000	244,961	245,439	260,157
CIP - Beaker Lab System	788,596	-	-	-
CIP - Call Center	30,000	813	813	813
CIP - 1511 Meade Ave		12,378	12,378	12,378
CIP - PFS Office Remodel	35,328	-	-	-
Asset Clearing:				
<i>Karl Storz Instruments & Stryker Equip</i>		-	-	-
<i>Medivators</i>		-	-	-
<i>Fisher Healthcare (Isotemp Freezer)</i>		-	-	-
<i>Olympus Equipment</i>		-	-	-
<i>TD100 System Additional Cost</i>		2,216	2,216	2,216
<i>Stryker Ceiling Exam Lights</i>		-	-	-
<i>Zoll Medical - Remote View X-series</i>		5,000	5,000	5,000
<i>Additional Cost to Firewall</i>			209	209
<i>16 Ipads (CDW Intrep Project)</i>			5,780	
<i>Core 2 (US)</i>				20,431
<i>Infant Resuscitative Warmer</i>				14,298
<i>Aquaplus Steamcleaner</i>				12,459
	81,093,614	4,652,324	5,152,556	5,682,682

Attachment Y



Organization	Purpose	Award	Date Rec'd	Amount Recognized in FY2020	Amount Recognized in FY2021	Amount Recognized in FY2022	Balance Remaining	Repayment	Other Notes
Greater Columbia Accountability of	Telehealth Application Funding for relief	\$ 6,000	4/3/2020	\$ 6,000			\$ -	\$ -	Received for initial telehealth expenditures
CMS Medicare Advanced Benefits	Advance of Medicare Payments	\$ 6,591,980	4/21/2020	\$ -			\$ -	\$ 6,591,980	Three months worth of Medicare payments advanced to PMH. REPAID 11/30/2020
US Bank SBA Economic Injury Disaster	Payroll Protection Forgiveness Loan	\$ 10,000	4/30/2020	\$ 10,000			\$ -	\$ -	US Bank SBA grant deposited into our account.
US Bank SBA Payroll Protection Program Loan (PPPL)	Payroll Protection Forgiveness Loan	\$ 6,350,235	5/4/2020	\$ -	\$ 6,350,235		\$ -	\$ -	SBA PPP - To be forgiven and recognized in 2021.
HHS	Provider Relief Payment	\$ 760,801	4/10/2020	\$ 760,801			\$ -	\$ -	CARES Act: Stimulus for highly effected areas
HHS	Provider Relief Payment	\$ 271,197	4/24/2020	\$ 271,197			\$ -	\$ -	CARES Act: Stimulus for highly effected areas
HHS	CARES Provider Relief Fund - Rural Allocation	\$ 4,170,732	5/6/2020	\$ 2,353,778	\$ 1,816,954		\$ 0	\$ -	Each CAH will receive at least \$1,000,000 with the average CAH/Rural Hospital to receive \$4,000,000 and each Rural Health Clinic to receive at least \$100,000 with the average to be about \$160,000. NARHC.ORG (National Association of Rural Health Clinics)
HHS	Provider Relief Payment	\$ 150,680	6/15/2020	\$ 150,680			\$ -	\$ -	CARES Act: Phase 1 (2% Net Income)
HHS	Provider Relief Payment	\$ 103,253	6/25/2020	\$ 103,253			\$ -	\$ -	CARES Act: Safety Net Distribution
HHS	RHC COVID-19 Testing Program	\$ 49,461	5/20/2020	\$ 49,461			\$ -	\$ -	HHS: RHC COVID-19 Testing Program
WSHA	ASPR PPE purchase from WSHA	\$ 20,000	5/21/2020	\$ 20,000			\$ -	\$ -	Grant funds thru WSHA for Staff PPE
Medicaid SRDSH	SRDSH reallocation of addt'l funds	\$ 29,382	5/22/2020	\$ 29,382			\$ -	\$ -	The SRDSH amount that is funded by the HSNA fund, is set by RCW at \$1,909,000 and the federal matching funds has historically been 50%. Due to the current COVID-19 pandemic, congress passed the CARES ACT, which increase the federal matching percentage to 56.2% effective 1/1/2020.
HHS	RHC COVID-19 Testing Program	\$ 49,461	6/9/2020	\$ 49,461			\$ -	\$ -	HHS: RHC COVID-19 Testing Program
HHS	Provider Relief Payment	\$ 1,300,000	7/20/2020	\$ -	\$ 1,300,000		\$ -	\$ -	CARES Act: (\$100,000 per RHC; \$1,000,000 for CAH)
HRSA (WA DOH)	SHIP Grant Hospital COVID Funding	\$ 83,136	7/27/2020	\$ 83,136			\$ -	\$ -	HRSA Rural Hospital SHIP Grant COVID Funding
Molina	PCP Stabilization Payment	\$ 25,434	8/4/2020	\$ 25,434			\$ -	\$ -	Molina Healthcare provided COVID print to providers
HHS	RHC COVID-19 Testing Program	\$ 49,461	12/7/2020	\$ -	\$ 49,461		\$ -	\$ -	HHS: RHC COVID-19 Testing Program
WSHA	HCA CARES COVID Funding	\$ 370,982	12/31/2020	\$ 370,982			\$ -	\$ -	WSHA - CARES funding distributed to hospitals
WSHA	HCA CARES COVID Funding	\$ 7,913	1/25/2021	\$ -	\$ 7,913		\$ -	\$ -	WSHA - CARES funding distributed to hospitals
HCA	HCA CARES COVID Funding - RHC	\$ 9,439	4/15/2021	\$ -	\$ 9,439		\$ -	\$ -	HCA - CARES funding distributed to RHCs
HCA	HCA CARES COVID Funding - RHC	\$ 3,511	4/15/2021	\$ -	\$ 3,511		\$ -	\$ -	HCA - CARES funding distributed to RHCs
HHS Stimulus - RHC	RHC COVID-19 Testing Program	\$ 200,000	6/10/2021	\$ -	\$ 200,000		\$ -	\$ -	HHS: RHC COVID-19 Testing Program
HHS Stimulus - RHC	RHC COVID-19 Testing Program	\$ 100,000	8/17/2021	\$ -	\$ 100,000		\$ -	\$ -	HHS: RHC COVID-19 Testing Program
HCA	HCA CARES COVID Funding - RHC	\$ 252,684	10/12/2021	\$ -	\$ 252,684		\$ -	\$ -	HCA - CARES funding distributed to RHCs
HHS	Provider Relief Payment	\$ 1,679,462	11/23/2021	\$ -	\$ 132,745	\$ 1,508,136	\$ 38,580	\$ -	HHS: Phase 4 PRF Funds Distribution
HHS	Provider Relief Payment	\$ 228,453	1/26/2022	\$ -	\$ -	\$ 228,453	\$ -	\$ -	HHS: Phase 4 PRF Funds Distribution Bonus payment
Medicaid SRDSH	SRDSH reallocation of addt'l funds	\$ 35,586	3/11/2022	\$ -	\$ -	\$ 35,586	\$ -	\$ -	SRDSH 56.2% Additional Allocation of Funds
Medicaid SRDSH	SRDSH reallocation of addt'l funds	\$ 16,674	3/11/2022	\$ -	\$ -	\$ 16,674	\$ -	\$ -	SRDSH 56.2% Additional Allocation of Funds
Totals		\$ 22,925,919		\$ 4,283,567	\$ 10,222,942	\$ 1,788,850	\$ 38,580	\$ 6,591,980	



Association of Washington
Public Hospital Districts

Legal Manual

MARCH 2022





Association of Washington Public Hospital Districts

999 Third Avenue, Suite 1400, Seattle, WA 98104
Phone 206-281-7211 • www.AWPHD.org

Dear Colleague,

The Association of Washington Public Hospital Districts (AWPHD) is pleased to offer you the 2022 updated *Legal Manual*. The goal of the manual is to provide administrators, commissioners, district staff and the general public a basic source of information about the legal requirements affecting Washington's Public Hospital Districts. (PHDs).

AWPHD and its members are deeply invested in their role as public entities. This manual is just a part of the tools we offer to ensure transparency and operating within the public trust bestowed upon our members.

The original edition was produced in 1992 and took nearly a year and a half to complete. Today, the manual is revised on a biannual basis by the dedicated staff at The Municipal Research and Services Center (MRSC) on behalf of AWPHD. Thank you to them for all the effort put forth on this manual, and the many other ways in which they serve as a resource to PHDs around the state.

I hope this manual serves you well. As always, we would appreciate your thoughts and comments on any aspect of this publication.

You can access the manual digitally: www.awphd.org/resources/phd-resources/ or visit www.AWPHD.org and www.MRSC.org for more resources on PHDs.

Regards,

Matthew Ellsworth
Executive Director



Attachment JJ
Prosser Memorial Health Replacement Hospital
 Prosser Memorial Health
 Prosser, WA



DRAFT
Initial Maximum Allowable Construction Cost
 August 19, 2022

ITEM	DESCRIPTION	iMACC Total Cost	Notes
MECHANICAL			
1	Apollo MASC	13,009,890	
2	Subtotal	\$ 13,009,890	
ELECTRICAL			
3	Garrett MASC	15,068,398	
4	Subtotal	\$ 15,068,398	
ALLOWANCES			
5	Remaining Buyout	28,000,000	1
6	Negotiated Support Services	1,800,000	2
7	Imaging Department TI (MRI/CT/X-Ray)	1,000,000	
8	Skin QAQC Consultant	50,000	
9	Unsuitable Soils	50,000	
10	Dewatering	25,000	3
11	Concrete Cold Weather Protection	150,000	
12	OFCI Unknowns	25,000	
13	Shower Pans	50,000	
14	AHJ Review Comments	200,000	
11	Subtotal	\$ 31,350,000	
Construction Subtotal		\$ 59,428,288	
GENERAL CONDITIONS, OVERHEAD, FEE, CONTINGENCY			
12	Specified General Conditions	2,972,814	
13	Construction Contingency (4%)	2,499,797	
14	Fee (4.55%)	2,957,259	4
15	TOTAL CONSTRUCTION	\$ 67,858,158	
16	Washington State Sales Tax (WSST)	Excluded	
17	TOTAL CONSTRUCTION w/ WSST	\$ 67,858,158	
18	GC Bond (0.8%)	590,910	5
19	GRAND TOTAL w/ WSST & BOND	\$ 68,449,068	

NOTES

- 1 Remaining buyout to be complete by 8/30/2022. Allowance to be reconciled once bids have been received for all Bid Packages (BP-01 thru BP-34) and MACC adjusted up or down to reflect final bid values.
- 2 Negotiated support services are an allowance only. Final negotiated support services to be issued with final MACC.
- 3 Water table is currently 3-4' deep. Dewatering is being carried as an allowance.
- 4 Fee includes General Liability Insurance and B&O Tax per contract.
- 5 GC Bond calculation is after sales tax

-- please see next page for Alternates, Assumptions & Exclusions--

ALTERNATES AND PATH BACK OPPORTUNITIES

ITEM	DESCRIPTION	TYPE	COST	STATUS
ALT-1	Add Gravel Walking Trail		TBD	Pending
ALT-2	Metal Building Deduct		TBD	Pending
ALT-3	Add Helistop Pad and Lighting		TBD	Pending
ALT-4	Loading Dock Guardrail Deduct		TBD	Pending
ALT-5	Remove Stamped Concrete at Courtyard		TBD	Pending
ALT-6	3-Form Panel Reduction		TBD	Pending
ALT-7	Fully Adhered Roof vs Mechanically Fastened		TBD	Pending
ALT-8	Add Torch Down Vapor Barrier at Roof		TBD	Pending
ALT-9	Combined Masonry and EIFS		TBD	Pending
ALT-10	Combine Roofing and Metals		TBD	Pending
ALT-11	Pre-install Door Hardware		TBD	Pending
ALT-12	Temporary Construction Elevator Use		TBD	Pending
ALT-13	Densglass Drywall for Top Out		TBD	Pending
ALT-14	Pre-fab Patient Headwalls		TBD	Pending
ALT-15	Add for Specified Lighting Fixtured Package		\$ 293,838	Pending
ALT-16	Add Duct Cleaning per M110		\$ 105,000	Pending
ALT-17	Add Symmons Fixtures per Specification		\$ 91,000	Pending
ALT-18	Chiller and AHU Premium if Released after 8/31/22		\$ 211,654	Pending

Note: Alternate and VE options do not include WA State sales tax

ASSUMPTIONS

- 1 Plumbing proposal is based on using Symmons faucets in lieu of the specific faucets.
- 2 GMP assumes resolution of AIA 133 and AIA 201 contract comments to mutually agreeable terms.
- 3 Per specification 05 7000, AF17 is not used and AF6 has been designated as OFOI.
- 4 MEP pricing is based on 100% CD drawings dated 1/24/22 including addendum #1 dated 3/4/22 and Addendum #2 dated 3/25/22.
- 5 Electrical pricing assumes acceptance of lighting fixture VE package provided by Garrett Electric.
- 6 Medical equipment supports are not shown on architectural or structural drawings. GMP includes 35 structural steel and unistrut supports per medical
- 7 Project schedule assumes a 24 month construction duration beginning 11/1/2022.
- 8 MACC is based on releasing AHU's and Chillers by 8/31/22. See Alt-18 if released after 8/31/22.

-- please see next page for exclusions--

EXCLUSIONS

- 1 Owner contingency
- 2 Design and engineering services including engineering of structural connection details per Note 3/S300 and Specification 051200.15.D.
- 3 Special inspection and testing fees. Specification 01 400-1.11A is excluded.
- 4 Good Faith survey and HAZ MAT abatement
- 5 Fixtures, furnishings and equipment, mobile exam tables, moveable desks and chairs
- 6 Buildout of imaging department. See allowance
- 7 Artwork and visual graphics packages
- 8 Builder's Risk Insurance
- 9 Landscape maintenance
- 10 Commissioning
- 11 Site Survey and geotechnical studies
- 12 Additional rock other than what is specifically identified in the Geotech report. See unsuitable soil allowance.
- 13 Permanent de-watering system
- 14 Traffic studies
- 15 Seismic engineering of equipment. This MACC assumes that the specified equipment meets the seismic requirements for the project.
- 16 Window coverings other than roller shades & film where required in documents
- 17 ABBA requirements for air barrier installation per 07 2726-1.4A & 1.5A
- 18 General Facility Charges (GFCs), meter fees and tap fees
- 19 Interior/Exterior signage other than indicated on contract documents
- 20 Lead or copper shielding (See imaging allowance)
- 21 Exterior sculptures or wayfinding
- 22 Benton County Prevailing Wage Labor rate increases as of 8/31/22.
- 23 Bonding of 3rd tier subcontractors
- 24 Building ground ring and lighting protection (not required)
- 25 Concrete Warning Planks at Underground Ducts
- 26 Aerosolized Duct Sealant
- 27 Pre-occupancy duct cleaning. Duct will be protected during construction
- 28 Kitchen equipment
- 29 Builders Risk Insurance
- 30 Washington State Sales Tax (WSST)
- 31 Plan review and permit fees