



Construction at the Iowa Veterans Home

In 2008, a four phase master plan was created for projects at the Iowa Veterans Home. Over \$43 million was spent on Phase 1 and additional master plan projects. (See Table 1.) However, due to an excessive amount of change orders and due to all of the bids for Phase 2 coming in over budget, the master plan was discontinued. At that point IVH wanted to do three projects – a remodel of the Dack-Malloy, a new community living center and a new transportation building. (See Table 2.)

Had the additional projects had the same rate of change orders as Phase 1 and related construction, it would have cost the taxpayers an additional \$2,867,320. (See tables and calculation below.)

The table below shows the total expenditures and cost of change orders for Phase 1 and related construction:

Table 1		Total contracted	Total Change	
Project Number	Project Name	to date	Orders to date	%
Original IVH Masterplan Projects Phases 1-4				
Project # 5661.01	IVH - Master Plan Implementation - Phase 1	\$40,992,951.80	\$2,618,206.71	6.39%
Project # 5661.00	IVH - Facility Assessment & Master Planning Services	\$17,971.69	\$0.00	0.00%
Project # 5661.02	IVH - Master Plan Implementation - Removal of Business	\$21,123.37	-\$85.74	-0.41%
	Manager's Residence			
Project # 5661.03	IVH - Master Plan Implementation - Removal of South	\$31,964.09	-\$231.88	-0.73%
	Physician's Residence			
Project # 5661.04	IVH - Master Plan Implementation - Removal of North	\$40,940.50	\$228.37	0.56%
	Physician's Residence			
Project # 5661.05	IVH - Master Plan Implementation - Programming (Phases 1 through 4)	\$4,108.16	\$0.00	0.00%
Project # 5661.07	IVH - Master Plan Implementation - Phases 2, 3, & 4	\$37,491.34	\$9,158.86	24.43%
Project # 5661.08	IVH--Master Plan Implementation Phase 2	\$956,944.26	\$580,646.68	60.68%
Project # 5661.09	IVH--Master Plan Implementation Phase 3	\$1,207,219.54	\$938,035.42	77.70%
Project # 5661.10	IVH--Master Plan Implementation Phase 4	\$41,327.38	-\$25,804.91	-62.44%
	IVH--Master Plan Implementation Phase 1			
Project # 5661.11	Non-Federal Grant	\$20,263.00	\$3,859.00	19.04%
Total		\$43,372,305.13	\$4,124,012.51	9.51%

The table below shows the total expenditures and cost of change orders for the additional IVH construction:

Table 2				
Additional IVH Projects				
Project # 5674.00	DVA - IVH - Community Living Center	\$3,425,138.90	\$7,682.00	0.22%
Project # 5675.00	DVA - IVH - Dack - Malloy Remodel	\$33,303,373.09	\$665,353.23	2.00%
Project # 8616.00	IVH- Transportation Building	\$611,205.42	\$10,652.00	1.74%
Total		\$37,339,717.41	\$683,687.23	1.83%

Calculation of Cost Savings on Change Orders

Total Expenditures on Additional IVH Projects (Table 2):	\$37,339,717
Total Percentage of Change Orders for Phase 1 and Related Construction (Table 1):	9.51%
Potential Cost of Change Orders for Additional IVH Projects if at Same Level as Phase 1 ($\$37,339,717 \times 9.51\%$):	\$3,551,007
Actual Cost of Change Order for Additional IVH Projects (Table 2):	\$683,687
Actual Cost Savings Due to Change in Construction Process:	<u>\$2,867,320</u>

Bids Over Budget for Phase 2 of IVH Master Plan

In addition to the large amount of change orders in Phase 1, all of the bids received for Phase 2 were over budget. A project labor agreement was required for Phase 2. The project budget for Phase 2 was \$15,385,802. The lowest base bid was \$18,550,000, or \$3,164,198 over budget.

Here are the base bids for Phase 2 and amount over budget:

<u>Contractor</u>	<u>Base Bid</u>	<u>Amount Over Budget</u>
Rochon Corp.	\$19,712,000	\$4,326,198
Neumann Bros.	\$19,440,000	\$4,054,198
Stahl Construction	\$18,750,000	\$3,334,198
Larson & Larson	\$18,550,000	\$3,164,198
Knutson Construction	\$20,740,000	\$5,354,198
Killian Construction	\$19,129,000	\$3,743,198

In addition, the lowest "bare bones" bid (also by Larson and Larson) was \$17,055,000, which was \$1,669,198 over budget. (Bare bones bids are base bids minus ten alternative deductions for scaling the project back.)