

Healthy Living

County hears initial health-care campus budget SCSD owner's rep calls it 'manageable'

By Robert Galbreath, rgalbreath@subletteexaminer.com

PINEDALE – The estimated cost to construct the critical access hospital and long-term care facility currently stands at \$66,997,761, according to a preliminary budget submitted to the Sublette County Board of Commissioners on Oct. 4. The documents were presented by the Sublette County Hospital District's (SCHD) owner's representative, Karl Lueschow of Lueschow Project Management.

Lueschow described the budget as a "living document," subject to change in response to price fluctuations and other variables as the project progresses, during the SCHD Board of Trustees' meeting on Sept. 28.

Layton Construction, the SCHD's construction manager and general contractor, rebid the entire project in August, Lueschow told the commissioners on Oct. 4. Prices quoted by each subcontractor initially placed the overall project cost at \$71 million, a \$15-million increase from the \$54.6-million figure projected in the preliminary architectural report compiled by Davis Partnership Architects in 2020, he added.

Layton and the SCHD have not formally accepted any bids at this time.

Lueschow attributed the significant increase in the price tag to inflation in costs for materials and equipment over the last year and a half while the SCHD awaited approval for its \$32-million loan application from the U.S. Department of Agriculture (USDA).

"With inflation hitting, we had to go back and start evaluating everything in the budget to figure out where we were at to see what action we needed to take to get the project to within a budget that we knew we were comfortable with," Lueschow said.

Sources of revenue include the \$32-million USDA loan, a \$20-million pledge from the county and \$2.2 million in equity from the SCHD. The district also "anticipates" an additional \$10 million in federal grant money available for health-care infrastructure through the American Rescue Plan Act (ARPA) and allocated by the Wyoming State Loan and Investment (SLIB) Board, Lueschow explained.

The ARPA grant is pending until the SLIB Board meets on Nov. 3 to make a final decision regarding the hospital district's application, confirmed Kari DeWitt, SCHD public relations director and grant writer.

SCHD trustees, administrators, county commissioners, Rep. Albert Sommers and Sen. Dan Dockstader met with several members of the SLIB Board to lobby on behalf of the project, Dave Doorn, SCHD administrator, told the Examiner.

The SLIB board consists of the "top five" individuals in the state's executive branch – the governor, treasurer, auditor, Superintendent of Public Instruction and Secretary of State.



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The architect's rendering of the entrance to the emergency room and critical access hospital.

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– Karl Lueschow of Lueschow Project Management

Layton, SCHD and Sublette Center leadership, Davis Partnership Architects, Star Valley Health – the SCHD's management partner – shaved \$4.5 million from the estimated project cost through a round of value-added engineering, Lueschow said.

"It was a big effort and the team really pulled together," he said.

The challenge involved cutting costs without compromising the "integrity and functionality" of the buildings while also maintaining the hospital district's mission, he added.

Value-added engineering items included reducing landscaping and "outdoor amenities," decreasing the size of the hospital canopy and considering alternative materials for exterior and interior design, Lueschow explained.

The value-added engineering and expected federal dollars from the SLIB Board placed the project \$539,751 over budget, approximately 0.8 percent of total expenditures.

Lueschow said the figure was miniscule, a number that "we aren't too concerned that we can manage," Lueschow said.

"We feel that we're putting ourselves in a fairly conservative position for success so we don't have to go through an enormous

value-engineering process again when we really kick this project into high gear this spring," he added.

Lueschow expressed optimism that commodity prices are stabilizing in certain markets as economic supply chain issues are resolved. Materials are "becoming more available," especially electrical equipment, siding and roofing, he said.

Lueschow presented a second preliminary budget to the commissioners, allocating expenditures between the SCHD and county, allowing the commission to track its financial share of the project.

Lueschow told commissioners he was happy to go through the budget "line by line" to ensure the board was "comfortable with how we allocated" each expense.

Commission chairman Joel Bousman asked Lueschow about the project's timeline. Lueschow hoped to have the gross maximum price fixed for a contract between Layton and the county by late October.

According to a schedule submitted by Lueschow, demolition of the Public Health building and old ball fields is slated for early November, along with the relocation of the irrigation ditch.



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