

SUMMARY OF PROPOSED LEGISLATION

Tracking No. 0063-22

Date: March 29, 2022

Re: AN ACT RELATING TO THE RESOURCES AND DEVELOPMENT, HEALTH, EDUCATION, AND HUMAN SERVICES, BUDGET AND FINANCE, AND NAABIK'ÍYÁTI' COMMITTEES, AND TO THE NAVAJO NATION COUNCIL; APPROVING \$1,600,000 OUT OF THE SÍHASIN FUND TO COVER THE FUNDING SHORTFALL FOR THE GANADO CHAPTER SENIOR & VETERANS CENTER PROJECT; REAPPROVING THE RELATED EXPENDITURE PLAN PURSUANT TO 12 N.N.C §2501 – §2508

Purpose of this Legislation:

to allocate \$1,600,000 from the Síhasin Fund to cover the shortfall in funds for the construction of the Ganado Chapter Senior & Veterans Center Project; the shortfall is due to a significant increase in construction costs.

OLC No. 22-018-1

5-DAY BILL HOLD PERIOD: Johnson
Website Posting Time/Date: 6:24 pm; 03/30/22
Posting End Date: 04-04-22
Eligible for Action: 04-05-22

Resources & Development Committee

Thence

Health Education & Human Services Committee

Thence

Budget & Finance Committee

Thence

Naabik'iyáti' Committee

Thence

Navajo Nation Council

PROPOSED NAVAJO NATION COUNCIL RESOLUTION

24th NAVAJO NATION COUNCIL - Fourth Year, 2022

Introduced by:



(Prime Sponsor)

Tracking No. 0063-22

AN ACT

RELATING TO THE RESOURCES AND DEVELOPMENT, HEALTH,
EDUCATION, AND HUMAN SERVICES, BUDGET AND FINANCE,
AND NAABIK'ÍYÁTI' COMMITTEES, AND TO THE NAVAJO NATION
COUNCIL; APPROVING \$1,600,000 OUT OF THE SÍHASIN FUND TO
COVER THE FUNDING SHORTFALL FOR THE GANADO CHAPTER
SENIOR & VETERANS CENTER PROJECT; REAPPROVING THE
RELATED EXPENDITURE PLAN PURSUANT TO 12 N.N.C §2501 – §2508

BE IT ENACTED:

SECTION ONE. AUTHORITY

A. The Resources and Development Committee is a standing committee of the Navajo Nation Council with oversight authority over all 110 Navajo Nation Chapters, as well as community development. 2 N.N.C. §500(C) and 26 N.N.C. §102.

B. The Health, Education, and Human Services Committee is a standing committee of the Navajo Nation Council with oversight authority over matter involving health, social services, and veterans. 2 N.N.C. §400(C)(1); §400(C)(2).

C. The Budget and Finance Committee is a standing committee of the Navajo Nation Council with the responsibility to “review and recommend to the Navajo Nation Council the budgeting, appropriation, investment and management of all funds.” 2 N.N.C. §301(B)(2).

1 D. The Naabik'íyáti' Committee is a standing committee of the Navajo Nation Council that
2 considers all proposed final actions by the Navajo Nation Council. 2 N.N.C. §164(A)(9).

3 E. The Navajo Nation Council is the governing body of the Navajo Nation. 2 N.N.C. §102(A).

4 As such, the Council may approve appropriations from the Navajo Nation's Síhasin Fund.

5 F. 12 N.N.C. §2502, as amended by CJA-03-18, states the purpose of the Navajo Nation Síhasin
6 Fund ("Síhasin Fund") as follows:

7 §2502 Purpose

8 A. The purposes of this Fund are to provide financial support and/or financing for:

- 9 1. The planning and development of economic development and regional
10 infrastructure supporting economic development and community
11 development, including such infrastructure as, but not limited to, housing,
12 commercial and government buildings, waterline, solid waste management
13 development, powerline Projects, and transportation and communication
14 systems, within the Navajo Nation; . . .

15 B. For the Purpose in §2502(A)(1), Fund expenditures for infrastructure shall
16 not be limited by 12 N.N.C. §1310(F) or TCDCJY-77-99.

17 C. Leveraging the Fund by way of guaranteeing loans, match funding, direct
18 funding in part, and other weighted uses of the Fund, including loan financing
19 from the Fund, for the purposes in §2502(A)(1), shall be favored over direct
20 funding in whole.

21 G. The Síhasin Fund provides that "Fund Principal" shall consist of all deposits made to the
22 Síhasin Fund and that "Fund Income" shall consist of all earnings (interest, dividends, etc.)
23 generated and realized by the Fund Principal, and that Síhasin Fund Income shall be
24 deposited in, and added to, the Fund Principal until such time as a Fund Expenditure Plan is
25 duly approved. 12 N.N.C. §2504 and §2505(C).

26 H. The Síhasin Fund provides that "Fund Principal and Income shall not be expended except
27 pursuant to a Fund Expenditure Plan consistent with the purposes set forth in §2502 of this
28 Chapter and adopted by a two-thirds (2/3) vote of all members of the Navajo Nation
29 Council." 12 N.N.C. §2505(A).

1 **SECTION TWO. FINDINGS**

2 A. The Division of Community Development - Capital Projects Management Department
3 ("CPMD") is requesting \$1,600,000 out of the Síhasin Fund to cover a shortfall of funds for
4 the construction of the Ganado Chapter Senior & Veterans Center Project ("Ganado
5 Project"). **EXHIBIT A.**

6 B. CPMD explains that the original construction budget for the Ganado Project was \$3,070,000
7 but due to significantly increased costs the \$3,070,000 allocated for the Project is now
8 insufficient. **EXHIBIT B.**

9 C. CPMD's architects that bid out for construction services for the Ganado Project has provided
10 a letter explaining that all contractor bids received have significantly exceeded the Project's
11 original construction budget. **EXHIBIT C.**

12 D. CPMD has provided a "Construction Inflation Alert" from the Associated General
13 Contractors of America, that also explains the reasons for the current extreme increase in
14 construction costs. **EXHIBIT D.**

15 E. In Resolution No. CAP-35-18 the Navajo Nation Council approved an allocation of \$833,333
16 for the Ganado Project. **EXHIBIT E.** CAP-35-18 is incorporated herein by this reference.

17 F. In Resolution No. CJY-57-20 the Navajo Nation Council approved an allocation of
18 \$1,444,032 for the Ganado Project. **EXHIBIT F.**

19 G. Allocation of the \$1,600,000 as requested by CPMD meets the criteria for Síhasin
20 expenditures because the proposed expenditure involves community development and
21 government buildings, as described in 12 N.N.C. §2502(A)(1).

22
23 **SECTION THREE. APPROVING \$1,600,000 FROM THE SÍHASIN FUND TO COVER**
24 **THE FUNDING SHORTFALL FOR THE GANADO CHAPTER**
25 **SENIOR & VETERANS CENTER PROJECT; REAPPROVING**
26 **THE RELATED EXPENDITURE PLAN**

27 A. In accordance with 12 N.N.C. §2505(A), the Navajo Nation hereby approves \$1,600,000 out
28 of the Síhasin Fund to cover the shortfall of funds for the construction of the Ganado Chapter
29 Senior & Veterans Center Project, as explained in EXHIBIT A and EXHIBIT B.

30 B. The Navajo Nation hereby reapproves the Expenditure Plan for the construction of the

1 Ganado Chapter Senior & Veterans Center Project, as approved in CJY-57-20 and as
2 explained in the construction documents prepared by CPMD's architect.

3 C. The total amount of \$1,600,000 in Síhasin funds approved in this Act may be further
4 leveraged by bond or loan financing pursuant to the Navajo Nation Bond Financing Act (12
5 N.N.C. §1300 *et seq.*, as amended), using Síhasin Fund earnings for repayment and financing
6 costs, upon approval of the Budget and Finance Committee and upon further approval by a
7 two-thirds (2/3) vote of the full membership of the Navajo Nation Council.

8 D. The Controller shall determine whether the source of the \$1,600,000 approved herein will be
9 Síhasin Fund Principal or Síhasin Fund Income, or a combination of both.

10 E. The \$1,600,000 shall be disbursed to CPMD within ten (10) business days after the effective
11 date of this Act, for CPMD's use in rebidding and obtaining construction services for the
12 Ganado Chapter Senior & Veterans Center Project, as explained in EXHIBIT A and
13 EXHIBIT B.

14 F. Any and all savings or unused amounts of the Síhasin funds approved herein shall be
15 immediately returned to the Síhasin Fund Principal once the purchases described herein are
16 completed, or upon the reversion deadline in Section Three (K) below.

17 G. The \$1,600,000 shall not lapse on an annual basis, which would otherwise occur pursuant to
18 12 N.N.C. §820(N). However, any Síhasin funds not spent or encumbered within twenty-
19 four (24) months of the date CPMD receives the approved \$1,600,000 shall then immediately
20 revert to the Síhasin Fund Principal, unless otherwise approved by both the Resources and
21 Development Committee and the Naabik'íyáti' Committee of the Navajo Nation Council.

22 H. The Síhasin Fund shall be reimbursed the \$1,600,000 amount approved herein, from funds
23 available to the Navajo Nation from any and all state and federal sources, including
24 Congressional appropriations under the American Rescue Plan Act of 2021 or other COVID-
25 19-related relief, so long as the Project expenditures described herein are deemed eligible
26 under such COVID-19-related or other funding sources.

27 28 **SECTION FOUR. EFFECTIVE DATE**

29 This Act shall become effective pursuant to 12 N.N.C. §2505.
30

1 **SECTION FIVE. SAVING CLAUSE**

2 If any portion of this Act is invalidated by the Supreme Court of the Navajo Nation, or by any
3 Navajo Nation District Court without appeal to the Navajo Nation Supreme Court, the
4 remainder of this Act shall be the law of the Navajo Nation.

THE NAVAJO NATION

EXHIBIT A



JONATHAN NEZ | PRESIDENT MYRON LIZER | VICE PRESIDENT

Capital Project Management Department - P.O. Box 1510 - Window Rock, AZ 86515 –
Phone: (928) 871-6734 - Fax: (928) 871-6098

MEMORANDUM

March 28, 2022

TO : All Reviewers
Navajo Nation

FR : Andy Thomas, Project Manager & Marcus Murphy, Project Manager
DCD- Capitals Project Management Department

SUBJECT : Ganado Chapter Senior & Veterans Center Funding Status

Per Ganado Chapter Senior & Veterans Center project funding status and availability as of 12/30/2021. Capital Projects Management Department (CPMD) has completed evaluations and concluded that a Re-bid is recommended due to the outcome of bids submissions. Bids results were 45% over existing budget of \$3,070,000 allocated by the Navajo Nation.

CPMD Construction Budget 2022-2023- **\$4,418,333.00 / 4,747 Sqft. = \$930 /Sqft**

Funding available are as follows:

BUILDING (4,747 SQUARE FOOT)		December 30, 2021
Less RDCF (Sihasin-UUFB)	Constr.	\$1,685,000.00
Less RDCF-12-18 (UUFB)	A/E Firm Use	\$300,000.00
Less CAP 35-18 (Sihasin yr. 1)	Constr.	\$833,333.00
Request funding Legislation (In - Progress)	Constr. Need	\$1,600,000.00

We have identified that the General Contractors costs have increase due to high demand in materials and subcontractor services resulting in delays.

If you have any questions or need additional information, please contact Andy Thomas, PM 928-871-6739, or Marcus Murphy, PM 928-871-7714.

Thank you,

NAVAJO NATION OFFICE OF THE PRESIDENT AND VICE-PRESIDENT
POST OFFICE BOX 7440 · WINDOW ROCK, AZ 86515 · PHONE: (928) 871-7000 · FAX: (928) 871-4025



Sec. Corner, 1915/1920
S.B.I.W.
Brass, Cop. (16)
1915 35' 43" 14' 43"
1920 35' 37" 37' 37"

THE NAVAJO NATION

EXHIBIT B



JONATHAN NEZ | PRESIDENT MYRON LIZER | VICE PRESIDENT

*Capital Project Management Department - P.O. Box 1510 - Window Rock, AZ 86515 –
Phone: (928) 871-6734 - Fax: (928) 871-6098*

MEMORANDUM

Date: October 18, 2021

TO : Tamarah Begay, Principle in Charge & Nathan Wero, NCARB, CDT. Project Manager
Indigenous Design Studio + Architecture, LLC

FR : Andy Thomas, Project Manager & Marcus Murphy, Project Manager
DCD- Capitals Project Management Department

SUBJECT : Ganado Chapter Senior & Veterans Center

Per Ganado Chapter Senior & Veterans Center Invitation to Bid (ITB) bid results on 10/12/2021. Capital Projects Management Department (CPMD) has completed evaluations and concluded that a Re-bid is recommended due to the outcome of bids submissions. Bids results were 45% over existing budget of \$3,070,000 allocated by the Navajo Nation.

CPMD Construction Budget- \$3,070,000.00 / 4,747 Sqft. = \$646 /Sqft

Bid Results are as follows:

1. Arviso Construction Company Inc. Priority 1- \$4,454,191.00 / 4,747 Sqft. = \$938 /Sqft.
2. Benally/Woodruff Construction. Priority 2- \$4,466,238.00 / 4,747 Sqft. = \$940 /Sqft.

We have identified that the General Contractors costs have increase due to high demand in materials and subcontractor services resulting in delays. We have reviewed the general conditions, steel structure, concrete, earth work, electrical, plumbing, HVAC all have high numbers due to the hesitation of vendors, suppliers not holding their cost no more than 30 days. We've reviewed both schedule of values provide by the general contractors several items are not detail in cost break downs, plus cost are not equal in certain construction divisions for example: Division 09-2900 Gypsum Board ACC is at \$66,432. Division 09-2900 Gypsum Board BWC is at \$392,295.

If you have any questions or need additional information, please contact Andy Thomas, PM 928-871-6739, or Marcus Murphy, PM 928-871-7714.

Thank you,

NAVAJO NATION OFFICE OF THE PRESIDENT AND VICE-PRESIDENT
POST OFFICE BOX 7440 · WINDOW ROCK, AZ 86515 · PHONE: (928) 871-7000 · FAX: (928) 871-4025



Indigenous Design Studio + Architecture, LLC

October 25th, 2021

Andy Thomas, Senior Programs & Projects Specialist
The Navajo Nation - Capital Project Management Department
P.O. Box 1510
Window Rock, Arizona 86515

Re: Ganado Senior & Veterans Center - Bid Documents Review & Recommendation

Dear Mr. Thomas:

The lowest responsive base bid total Four Million, Four Hundred Fifty-Four Thousand, One Hundred, Ninety-One Dollars and Zero Cents (\$4,454,191) was submitted by Arviso Construction from Iyanbito, NM. A combined Nine (9) Deductive Alternates Total of Four Hundred-Forty-Four Thousand, Nine Hundred, Thirty-One Dollars (\$444,931) was also submitted with a Base Bid with Deductive Alternates Total of Four Million, Nine Thousand, Two Hundred, Sixty Dollars and Zero Cents (\$4,009,260.00).

Arviso Construction is a Navajo-owned enterprise by Orville Arviso, President, registered as Navajo Priority #1 with the Navajo Nation Business Regulatory Office. Arviso Construction is licensed in the State of Arizona for general construction and submitted a US Treasury listed bid bond. All required bid documents were submitted and complete, and IDS+A has verified qualifying licenses and registrations with the State of Arizona are current and in good standing. Arviso Construction has completed and on-going contract work of construction projects with the Navajo Nation.

Arviso Construction, Navajo Priority #1 Base Bid had exceeded the Owner's Budget of \$3,070,000 by \$1,384,191. The Base Bid with Deductive Alternates had exceeded the Owner's Budget of \$3,070,000 by \$939,260. Per Navajo Nation Procurement Laws: Navajo Nation Priority #1 Bids would first be opened, if bids are not within 10% of Owner's Project Budget, Priority #2 Bids would be opened next. The ten percent (10%) of the Owner's Budget was at \$307,000 and therefore Priority #2 Bid package were opened.

ARVISO BASE BID W/O DEDUCTIVE ALTERNATES

Arviso Construction Base Bid \$4,454,191	Owners Budget & 10% \$3,070,000 \$307,000 (10%)	Arviso Construction Above Owner's Budget \$1,384,191
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ARVISO BASE BID W/ DEDUCTIVE ALTERNATES

Arviso Construction Base Bid w/Deductive Alternates \$4,009,260 (total deduct.\$444,931)	Owners Budget \$3,070,000	Arviso Construction Above Owner's Budget with Deductive Alternates \$939,260
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The second responsive base bid total Four Million, Four Hundred Sixty-Six Thousand, Two Hundred, Thirty-Eight Dollars and Zero Cents (\$4,466,238) was submitted by Benally-Woodruff Construction from Flagstaff, AZ. A combined Nine (9) deductive alternates total of Five Hundred-Fifty-Four Thousand, Three Hundred, Seven Dollars (\$554,307) was also submitted with an overall total bid including deductive alternates of Three Million, Nine Hundred-Eleven Thousand, Nine Hundred, Thirty-One Dollars and Zero Cents (\$3,911,931).

Benally-Woodruff Construction is a 51% Navajo-owned enterprise by Leonado Benally, President, registered as Navajo Priority #2 with the Navajo Nation Business Regulatory Office. Benally-Woodruff Construction is licensed in the State of Arizona for general construction and submitted a US Treasury listed bid bond. All required bid documents were submitted and complete, and IDS+A has verified qualifying licenses and registrations with the State of Arizona are current and in good standing. Benally-Woodruff Construction has completed and on-going contract work of construction projects with the Navajo Nation.

Benally/Woodruff Construction, Navajo Priority #2 Base Bid had exceeded the Owner's Budget of \$3,070,000 by \$1,396,238. The Base Bid with Deductive Alternates had exceeded the Owner's Budget of \$3,070,000 by \$841,931. Per Navajo Nation Procurement Laws: Navajo Nation Priority #1 Bids would first be opened, if bids are not within 10% of Owner's Project Budget, Priority #2 Bids would be opened next. The ten percent (10%) of the Owner's Budget was at \$307,000 and therefore Priority #2 Bid package were opened.

BENALLY/WOODRUFF BASE BID W/O DEDUCTIVE ALTERNATES

Benally/Woodruff Base Bid \$4,466,238	Owners Budget & 10% \$3,070,000 \$307,000 (10%)	Benally/Woodruff Above Owner's Budget \$1,396,238
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BENALLY/WOODRUFF BASE BID W/ DEDUCTIVE ALTERNATES

Benally/Woodruff Base Bid w/Deductive Alternates \$3,911,931 (total deduct. \$554,307)	Owners Budget \$3,070,000	Benally/Woodruff Above Owner's Budget with Deductive Alternates \$841,931
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Both Bidders Base Bids with and without Deductive Alternates has exceeded the Owner's Budget of \$3,070,000. The apparent lowest bidder of the Base Bid without Deductive Alternates would be Arviso Construction. The apparent lowest bidder of the Base Bid with Deductive Alternates would be Benally Woodruff.

IDS+A PROJECT BUDGET CONSTRUCTION COST

With recent IDS+A & CPMD projects bidding upwards between \$800/sf to \$950/sf, and the ongoing COVID epidemic and the uncertainty of the high material costs and shortage of materials, Construction Cost have doubled and/or tripled during the year 2021 and has no signs of returning to normalcy. July 15th, 2021 IDS+A submitted two Options to CMPD for the Estimated Overall Project Budgets for the Ganado Senior and Veterans project. Option#1 had an anticipated Construction Costs square footage at \$820 per square feet for \$4,903,081.96. Option #2 had an anticipated Construction Costs square footage at \$750 per square feet for \$4,500,989.50. Drawings at 95% CD Phase were submitted previously and approved with progress to move forward with Final Stamped Construction Documents for the bidding phase. On August 27th, 2021, IDS+A virtually attended the Ganado Community Development Project Meeting and provided a project status and update to the bidding phase, completion of the drawings, budget along with the ADOT Traffic Impact Study/Design, additional funds for the developments.

ANTICIPATED CONSTRUCTION COST

IDS+A	Option #1 - 4800 Square Feet Construction Estimate @ \$820 /sf= \$4,903,081.96	Option #2 – 4800 Square Feet Construction Estimate @ \$750 /sf= \$4,500,989.50
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RECOMMENDATION NO.1

With both Base Bids exceeding the Owner's Budget, it is recommended to Re-Bid the project when additional funds come available plus including a 10% contingency factor added to the Owner's construction budget. This option will include additional service cost for the A/E team to re-bid the project and/or reduced the scope of work if the Owner pursues this option. Bidding was originally taken out of A/E scope of work and not part of the Original Contract but was provided as a in kind service, completing bid advertisement, answering bidders questions, issuing addendums, attending pre-bid meeting on-site and virtual bid opening, were to be compensated as reimbursable expenses.

OPTION NO. 1

Owner's Budget 2021 \$3,070,000	Owners Budget Escalation 2022 @8% & 10% Owner Contingency $\$3,070,000 + \$245,600(8\%) = \$3,315,600$ $+ \$364,716(10\% \text{ Cont.}) = \mathbf{\$3,680,316}$	Owners Budget Escalation 2023 @8% & 10% Owner Contingency $\$3,680,316 + \$294,425(8\%) = \$3,974,741$ $+ \$437,222(10\% \text{ Cont.}) = \mathbf{\$4,411,963}$
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RECOMMENDATION NO.2

The Base Bid submitted by Arviso Construction as Navajo Priority #1 and the apparent lowest base bid of \$4,454,191, is recommended for further negotiations. However, the Base Bid without Deductive Alternates exceeds the Owner's Budget by \$1,384,191. The Owner would need to expedite and seek funds to cover the remaining amount as the Bids are guaranteed three months from bid opening. If this option is selected, it is recommended the Owner establish timelines of securing funds. This option may not include additional services.

OPTION NO. 2

Arviso Base Bid 2021 \$4,454,191	Arviso Bid Escalation 2022 @8% & 10% Owner Contingency $\$4,454,191 + \$356,335(8\%) = \$4,810,526$ $+ \$529,158(10\% \text{ cont.}) = \mathbf{\$5,339,684}$	Arviso Bid Escalation 2023 @8% & 10% Owner Contingency $\$5,339,684 + \$427,175(8\%) = \$5,766,859$ $+ \$634,355(10\% \text{ Cont.}) = \mathbf{\$6,401,214}$
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RECOMMENDATION NO.3

The Base Bid with Deductive Alternates submitted by Benally-Woodruff Construction as Navajo Priority #2 and the apparent lowest base bid with deductive alternates of \$3,911,931, is recommended for further negotiations. However, the Base Bid with Deductive Alternates exceeds the Owner's Budget by \$841,931. The Owner would need to expedite and seek funds to cover the remaining amount as the Bids are guaranteed three months from bid opening. If this option is selected, it is recommended the Owner establish timelines of securing funds. This option may not include additional services, to be determined.

OPTION NO. 3

Benally/Woodruff Base Bid 2021 with Deductive Alternates \$3,911,931	Benally/Woodruff Bid with Deductive Alternates- Escalation 2022 @8% & 10% Owner Contingency $\$3,911,931 + \$312,955(8\%) = \$4,224,886$ $+ \$464,738(10\% \text{ Cont.}) = \mathbf{\$4,689,624}$	Benally/Woodruff Bid with Deductive Alternates- Escalation 2023 @8% & 10% Owner Contingency $\$4,689,624 + \$375,170(8\%) = \$5,064,794$ $+ \$557,127(10\% \text{ Cont.}) = \mathbf{\$5,621,921}$
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If a contract cannot be negotiated with either Arviso Construction or Benally/Woodruff Construction, the recommendation is to Re-Bid the project as currently designed later when the construction industry levels out and additional funds are secured, however construction cost escalations and contingency should be anticipated as in the tables above indicate. This would include re-bidding services for the A/E team as well as additional reimbursables, as in the Original Contract, Bidding Phase was not included.

Should you have any questions please don't hesitate to give me a call or email.

Tamarah Begay

Tamarah Begay, AIA, NCARB, AICAE, CDT, LEED AP BD+C
President / CEO
tbegay@ids-a.com

Email: James Adakai, NN-CPMD
Pearl Yellowman, NN-CPMD Marcus
Murphy, NN-CPMD
Willie Tracey Jr, NN-Ganado Chapter

GANADO SENIOR & VETERANS CENTER

Bid Date: Tuesday, September 12th, 2021 at 1:30 P.M. (MSDT)

Tabulation of Bids

Name of Bidder "A"					Name of Bidder "B"				
Benally/Woodruff			(Difference Between Bids)	Arviso Constr.					
BASE BID	\$4,466,238.00		\$12,047.00	\$4,454,191.00			BASE BID		
	w/o Deductive Alternates			Arviso Apparent Lowest Bidder					
				w/o Deductive Alternates					
Deductive Alternate #1 Landscape & Irrigation Plan	\$ 171,000.00	\$ 91,892.00		\$ 79,108.00			Deductive Alternate #1 Landscape & Irrigation Plan		
Deductive Alternate #2 Drop-Off Canopy Structure	\$ 67,658.00	\$ 3,685.00		\$ 71,343.00			Deductive Alternate #2 Drop-Off Canopy Structure		
Deductive Alternate #3 Trellis Structure	\$ 22,185.00	\$ 8,658.00		\$ 30,843.00			Deductive Alternate #3 Trellis Structure		
Deductive Alternate #4 Three (3) Shade Canopies-Cable Anchored to Exterior Walls	\$ 17,225.00	\$ 17,243.00		\$ 34,468.00			Deductive Alternate #4 Three (3) Shade Canopies-Cable Anchored to Exterior Walls		
Deductive Alternate #5 Accordion Partition at the Arts and Crafts & Conference Room	\$ 22,100.00	\$ 8,539.00		\$ 13,561.00			Deductive Alternate #5 Accordion Partition at the Arts and Crafts & Conference Room		
Deductive Alternate #6 Operable Sliding Partition at the Partition at the Multi-Purpose Room	\$ 32,200.00	\$ 3,947.00		\$ 28,253.00			Deductive Alternate #6 Operable Sliding Partition at the Partition at the Multi-Purpose Room		
Deductive Alternate #7 Nine (9) Solartube Skylights	\$ 19,000.00	\$ 4,721.00		\$ 14,279.00			Deductive Alternate #7 Nine (9) Solartube Skylights		
Deductive Alternate #8 Commercial Kitchen Equipment	\$ 85,922.00	\$ 18,115.00		\$ 67,807.00			Deductive Alternate #8 Commercial Kitchen Equipment		
Deductive Alternate #9 Asphalt Pavement, Striping, & Concrete Curbing of the North Parking Lot	\$ 117,017.00	\$ 11,748.00		\$ 105,269.00			Deductive Alternate #9 Asphalt Pavement, Striping, & Concrete Curbing of the North Parking Lot		
TOTAL OF DEDUCTIVE ALTERNATES	\$ 554,307.00			\$ 444,931.00			TOTAL OF DEDUCTIVE ALTERNATES		
BASE BID WITH DEDUCTIVE ALTERNATES	\$3,911,931.00	\$97,329.00		\$4,009,260.00			BASE BID WITH DEDUCTIVE ALTERNATES		
	Benally/Woodruff Apparent Low Bidder with Deductive Alternates			with Deductive Alternates					

PROVIDED DOCUMENTS

Utilities Allowance (\$50,000)	X		X	Utilities Allowance (\$50,000)
Bid Bond	X		X	Bid Bond
Schedule & Values	X		X	Schedule & Values
Bid Form	X		X	Bid Form
Addendum #01	X		X	Addendum #01
Addendum #02	X		X	Addendum #02
Navajo Priority #01			X	Navajo Priority #01
Navajo Priority #02	X			Navajo Priority #02
Non-Navajo Priority				Non-Navajo Priority
Performance & Payment Bond	X		X	Performance & Payment Bond
Affidavit of Non-Collusion	X		X	Affidavit of Non-Collusion
Subcontractor List Form	X		X	Subcontractor List Form
AIA General Contractor Qualifications Statement A305	X		X	AIA General Contractor Qualifications Statement A305



Indigenous Design Studio + Architecture, LLC

Project Name and Location:
Ganado Senior and Veterans Center
Ganado, Navajo Nation, Arizona

Bid Name: Ganado Senior and Veterans Center
Bids Due: Tuesday, September 12th, 2021, at 1:30 PM (MSDT)
September 12th, 2021, at 2:00 PM (MSDT)
at Navajo Nation CPMD Office (Virtual / Teleconference)

TABULATION OF BIDS																							
NAME OF BIDDER	Base Bid	Deductive Alternate #1 Landscape & Irrigation Plan	Deductive Alternate #2 Drop-off Canopy Structure	Deductive Alternate #3 Trellis Structure	Deductive Alternate #4 Three (3) Shade Canopies-Cable Anchored to Exterior Walls	Deductive Alternate #5 Accordion Partition at the Arts and Crafts & Conference Room	Deductive Alternate #6 Operable Sliding Partition at the Multipurpose Room	Deductive Alternate #7 Nine (9) Solatube Skylights	Deductive Alternate #8 Commercial Kitchen Equipment	Deductive Alternate #9 Asphalt Pavement, Striping & Concrete Curbing of the North Parking Lot	Utilities Allowance 50,000	Bid Bond	Schedule & Values	Bid Form	Addendum # 01	Addendum # 02	Navajo Priority #1	Navajo Priority #2	Non-Navajo Priority	Performance & Payment Bond	Affidavit of Non-Collusion	Subcontractor List Form	ALA General Contractor A305 Qualifications Statement
Acv130Cont	4,454,191	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2.																							
3.																							
4.																							
5.																							

Certification:
The undersigned hereby certify that all bid received were sealed, opened, and publicly read.
On the above submitted date and time specified.

Bids opened by: Date: 10/12/2021
Andy Thomas, Project Manager
Navajo Nation Capital Project Management Department

Acknowledged by: Date: 10/12/2021
Tamarah Begay, Principal-in-Charge
Indigenous Design Studio + Architecture

Acknowledged by: Date: 10/12/2021
Alvin Waneta, Sr., Senior EDS
Business Regulatory Department
Division of Economic Development



Indigenous Design Studio + Architecture, LLC

Project Name and Location:
Ganado Senior and Veterans Center
Ganado, Navajo Nation, Arizona

Bid Name: Ganado Senior and Veterans Center
Bids Due: Tuesday, September 12th, 2021, at 1:30 PM (MSDT)
Bid Opening Date, Time & Location: September 12th, 2021, at 2:00 PM (MSDT)
at Navajo Nation CPMD Office (Virtual / Teleconference)

TABULATION OF BIDS

NAME OF BIDDER	Base Bid	Deductive Alternative #1 Landscape & Irrigation Plan	Deductive Alternative #2 Drop-off Canopy Structure	Deductive Alternative #3 Trellis Structure	Deductive Alternative #4 Three (3) Shade Canopies-Cable Anchored to Exterior Walls	Deductive Alternative #5 Accordion Partition at the Arts and Crafts & Conference Room	Deductive Alternative #6 Operable Sliding Partition at the Multipurpose Room	Deductive Alternative #7 Nine (9) Solatube Skylights	Deductive Alternative #8 Commercial Kitchen Equipment	Deductive Alternative #9 Asphalt Pavement, Striping & Concrete Curb of the North Parking Lot	Utilities Allowance	Bid Bond	Schedule & Values	Bid Form	Addendum # 01	Addendum # 02	Navajo Priority #1	Navajo Priority #2	Non-Navajo Priority	Performance & Payment Bond	Affidavit of Non-Collusion	Subcontractor List Form	ALA General Contractor Qualifications Statement A305
Bentley/Warlick	4,466,230	✓ 171,000	✓ 671,550	✓ 22,185	✓ 17,225	✓ 22,100	✓ 32,200	✓ 19,000	✓ 85,922	✓ 117,017	✓ 50,000	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2.																							
3.																							
4.																							
5.																							

Certification:
The undersigned hereby certify that all bid received were sealed, opened, and publicly read.
On the above submitted date and time specified.

Bids opened by: [Signature] Date 10/12/2021
Gay Thomas, Project Manager
Navajo Nation Capital Project Management Department

Acknowledged by: Tamarah Begay Date 10/12/2021
Tamarah Begay, Principal-in-Charge
Indigenous Design Studio + Architecture
Acknowledged by: AL HWADE Date 10/12/21
Alvin Wanaka, Sr., Senior EDS
Business Regulatory Department
Division of Economic Development

NON-MANDATORY PRE-BID CONFERENCE SIGN-IN SHEET

Project:	Ganado Senior & Veterans Center	Date:	Wednesday, September 22 nd , 2021 @ 10:30am (MST)
Location:	Ganado Chapter, Ganado, Arizona	Place/Room:	Ganado Chapter Multipurpose Space

Name	Title	Company	Phone	Email (Print Clearly)
1 NATHAN WERO	1DSTA Proj. Mgr.	ISD+A	505-226 2565	nwero@ids-a.com
2 Larry Tossie	Proj. Supervisor	Ganado Chapter	928- 755-5920	larrytossie520@gmail.com
3 Jeff Engel	PM	WCA, LLC	928- 537-2920	jeff.engel@whiteridgeconstruction.com
4 LEONDO BENTLEY	PM	Bentley Woodcut	928 527-4138	LEONDO@BENTLEY-WOODCUT.COM
5 Cal Thomason	Project Manager	LAM Corporation	505- 870-7042	cal@lammcorporation.com
6 RAN ARISO	V.P.	ARISO CONST.	505-905-5566	ran@ariso.com
7 Marcus Murphy	Project Manager	CRMD	928 871 7714	mmurphy@crmd.org
8 Army-Hunts	Pres. rep.	CRMD / CED	928.871.6739	andy_hunts@crmd.org
9 Marcia Roach	Ganado Chapter Pres.	Ganado Chapter	(928) 225-7689	mroach@ganadochapters.org
10 Esther Kirk	Office Asst	Ganado Chapter	928 755 5920	ganado@ganadochapters.org
11 Wendelmonts	Construction	Ganado Chapter	928 826 8588	N/A
12				
13				

DRAFT

Ganado Senior Center and Veterans Facility
Estimated Overall Project Budget - OPTION 1
Updated: July 2021
Indigenous Design Studio + Architecture, LLC

CONSTRUCTION COSTS		Notes
\$3,905,660.00	Maximum Allowable Construction Costs (MAACC)	4,800 sf x \$820/sf
\$3,905,660.00	CONSTRUCTION COST TOTAL	
SOFT COSTS		Notes
\$390,566.00	Furniture, Furnishings, and Equipment (FF&E)	Estimated @ 10% of Construction Cost
\$57,600.00	Technology	\$12/sf
\$30,000.00	Special inspection and testing during construction	Estimated, code requirement, structural will outline the scope of testing during CDs
\$28,689.96	Navajo Nation Sales Tax @ 6% on soft cost items above	
\$390,566.00	Owner's contingency	10% of the MAACC
\$100,000.00	Utilities (NTUA) contingency (water & electric)	Estimated
\$997,421.96	SOFT COST TOTAL	
\$4,903,081.96	TOTAL ESTIMATED PROJECT COST	

CONSTRUCTION COSTS		Notes
\$3,905,660.00	Maximum Allowable Construction Costs (MAACC)	4,800 sf x \$820/sf
\$3,905,660.00	CONSTRUCTION COST TOTAL	
DEDUCTIONS OPTIONS		Notes
\$700,000.00	Delete Asphalt Pavement at Building lot & Driveways	Concrete Curbing and ABC to remain
\$500,000.00	Delete Asphalt Pavement at Parking lot & Driveways	Owner provided
\$200,000.00	Delete Kitchen Equipment	
\$200,000.00	Delete Landscaping	
\$90,000.00	Delete Main Entry Canopy Structure	
\$50,000.00	Delete outdoor shade structure	
\$40,000.00	Delete all exterior cable supported canopies (at entrances)	
\$50,000.00	Delete operable room partitions (2)	
\$1,630,000.00	TOTAL DEDUCTIONS	
\$2,275,660.00	TOTAL ESTIMATED PROJECT COST W/ DEDUCTIONS	No soft cost included; FF&E, Technology, Special Inspect., Owner & Utilities Contingencies.

Ganado Senior Center and Veterans Facility
 Estimated Overall Project budget - OPTION 2
 Updated: July 2021
 Indigenous Design Studio + Architecture, LLC

DRAFT

CONSTRUCTION COSTS		Item	Notes
\$3,572,250.00	Maximum Allowable Construction Costs (MACC)		4,800 sf x \$750/sf
\$3,572,250.00	CONSTRUCTION COST TOTAL		
SOFT COSTS		Item	Notes
\$357,225.00	Furniture, Furnishings, and Equipment (FF&E)		Estimated @ 10% of Construction Cost
\$57,600.00	Technology		\$12/sf
\$30,000.00	Special inspection and testing during construction		Estimated, code requirement, structural will outline the scope of testing during CDs
\$26,689.50	Navajo Nation Sales Tax @ 6% on soft cost items above		
\$357,225.00	Owner's contingency		10% of the MACC
\$100,000.00	Utilities (NTUA) contingency (water & electric)		Estimated
\$928,739.50	SOFT COST TOTAL		
\$4,500,989.50	TOTAL ESTIMATED PROJECT COST		

CONSTRUCTION COSTS		Item	Notes
\$3,572,250.00	Maximum Allowable Construction Costs (MACC)		4,800 sf x \$750/sf
\$3,572,250.00	CONSTRUCTION COST TOTAL		
DEDUCTIONS OPTIONS		Item	
\$700,000.00	Delete Asphalt Pavment at Parking lot & Driveways		Concrete Curbing and ABC to remain
\$500,000.00	Delete Kitchen Equipment		Owner provided
\$200,000.00	Delete Landscaping		
\$90,000.00	Delete Main Entry Canopy Structure		
\$50,000.00	Delete outdoor shade structure		
\$40,000.00	Delete all exterior cable supported canopies (at entrances)		
\$50,000.00	Delete operable room partitions (2)		
\$1,630,000.00	TOTAL DEDUCTIONS		
\$1,942,250.00	TOTAL ESTIMATED PROJECT COST W/ DEDUCTIONS		No soft cost included; FF&E, Technology, Special Inspect., Owner & Utilities Contingencies.

GANADO CHAPTER

Willie Tracey Jr., Chapter Manager
Cindy L. Smith, Administrative Assistant
Larry T sosie, Project Supervisor
Esther Kirk, Office Assistant



Marcarlo Roanhorse, President
Walter Jones, Vice-President
Judy James, Secretary/Treasurer
Vince R. James, Council Delegate
Dickerson Smith, Grazing Official

Post Office Box 188 Ganado, Arizona 86505 Telephone: (928) 755-5920 Facsimile: (928) 755-5927 Email: ganado@navajochapters.org

Ganado Community Development Projects Meeting
August 27, 2021; 9:00 a.m.

TELECONFERENCE INFO: Call-In: (701)802-5292; Access Code: 8038799#

Or (*please do not use both, avoid echos*)

Join ZOOM Online Meeting

<https://us02web.zoom.us/j/89419714094?pwd=YloycDJJN1V6UTBDazI3MWJlcFdjZz09>

Meeting ID: 894 1971 4094 - Passcode: dtLW5L

A G E N D A

- I. Call to Order / Welcome / Purpose
- II. Community Development Projects Review
 - a. Ganado Livestock Sale Yard Lease Renewal
 - Chapter Administration
 - Navajo Land Department
 - b. Wastewater Lagoon Expansion – NTUA
 - c. Ganado Senior Citizens Center & Veterans Building
 - Contractors Bid Advertisement
 - ADOT Traffic Impact Study
 - FY22 Operations & Maintenance
 - Dept of Long Term Care Support (aka NAAA)
 - Office of Veterans Affairs
 - d. RBDO Readvertisements
 - Ganado Plaza
 - Burnside Hotel / Restaurant
- III. Plan of Action(s)
- IV. Adjourn

EXHIBIT D

Q1



AGC

THE CONSTRUCTION
ASSOCIATION

CONSTRUCTION INFLATION ALERT

The construction industry is currently experiencing an unprecedented mix of steeply rising materials prices, snarled supply chains, and staffing difficulties, combined with slumping demand that is keeping many contractors from passing on their added costs. This combination threatens to push some firms out of business and add to the industry's nearly double-digit unemployment rate.

The situation calls for immediate action by federal trade officials to end tariffs and quotas that are adding to price increases and supply shortages. Officials at all levels of government need to identify and remove or lessen any unnecessary or excessive impediments to the importation, domestic production, transport, and delivery of construction materials and products. Project owners need to recognize how much conditions have changed for projects begun or awarded in the early days of the pandemic or before and to consider providing greater flexibility and cost-sharing. Contractors should become even more vigilant about changes in materials costs and expected delivery dates and should communicate the information promptly to current and prospective clients.

This report is intended to provide all parties with better understanding of the current situation, the impact on construction firms and projects, its likely course in the next several months, and possible steps to mitigate the damage. The document will be revised to keep it timely as conditions change. Please send comments and feedback to AGC of America's chief economist, Ken Simonson, ken.simonson@agc.org.

www.agc.org

Rising costs, flat project pricing

Figure 1 illustrates the threat to contractors from fast and steeply rising prices for materials, both for projects that have already been bid or started and for preparing -price or guaranteed-maximum-price bids. The red line shows the change since April 2020 in the price of all materials and services used in

nonresidential construction, while the blue line measures the change—or lack of change—in what contractors say they would charge to erect a set of nonresidential buildings. This blue line, essentially a measure of bid prices, has remained virtually stable, rising only 0.5% from April 2020 to February 2021. In contrast, the red line, measuring the cost of contractors' purchases, has soared nearly 13% over the same 10 months.

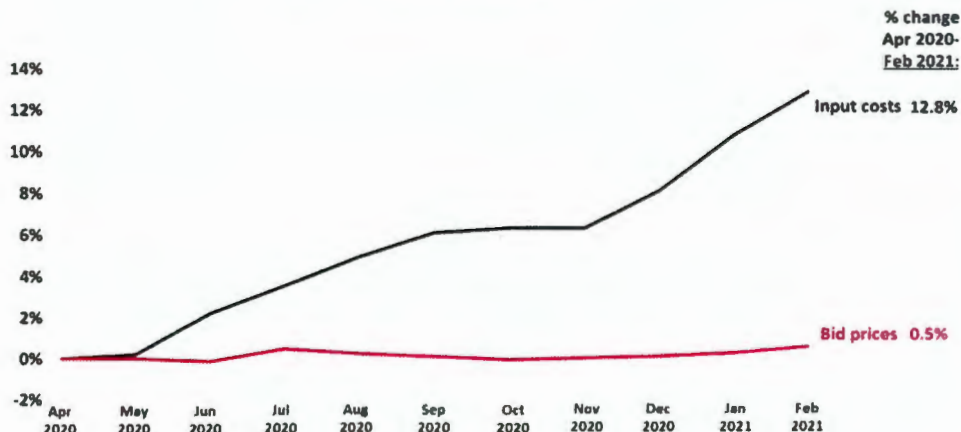
In other words, if a contractor or subcontractor submitted a fixed-price bid in April 2020 based on materials costs at that time but did not buy the materials until February 2021, its cost for the materials would have risen an average of nearly 13%. Given that materials often represent half or more of the cost of a contract, such an increase could easily wipe out the profit from a project and create severe financial hardship for the contractor.

12.8%

Input costs for general contractors have soared nearly 13% from April 2020 to February 2021

FIGURE 1

Change in construction input costs and bid prices
April 2020-February 2021



Source: Bureau of Labor Statistics, producer price indexes (PPIs) for new nonresidential building construction (bid prices) and inputs to nonresidential construction (input costs), not seasonally adjusted

In fact, Figure 1 understates the severity of the current situation for many contractors, in three respects. First, the two lines are calculated from producer price indexes (PPIs) posted monthly by the Bureau of Labor Statistics (BLS). The most recent PPIs are based on prices BLS collected around February 11.

Since then, numerous materials have risen even more steeply in price. For instance, the national average retail price of on-highway diesel fuel climbed from \$2.80 per gallon on February 8 to \$3.19 on March 22, a rise of 14% in just six weeks, according to a weekly truckstop survey posted by the Energy Information Administration. Private price-tracking services have reported similarly steep increases for a variety of steel, lumber, and engineered wood products.

Second, contractors are incurring costs not captured by this measure. Delayed deliveries, higher expenditures for personal protective equipment and other sanitation measures, and shortages of employees or subcontractors' workers on jobsites due to coronavirus impacts are all driving up contractors' costs. In some cases, project completions are being delayed, meaning contractors receive needed payments later and may incur penalties for missed deadlines.

Third, many projects or subcontractors' packages are heavily weighted toward materials that have risen much more in price than the overall PPI for inputs. As Figure 2 shows, the PPI for diesel fuel (at the fuel terminal, not retail) increased 114% between April 2020 and February 2021. The PPI for lumber and plywood jumped 62%. The index for copper and brass mill shapes climbed 37% and the PPI for steel mill products rose 20%.

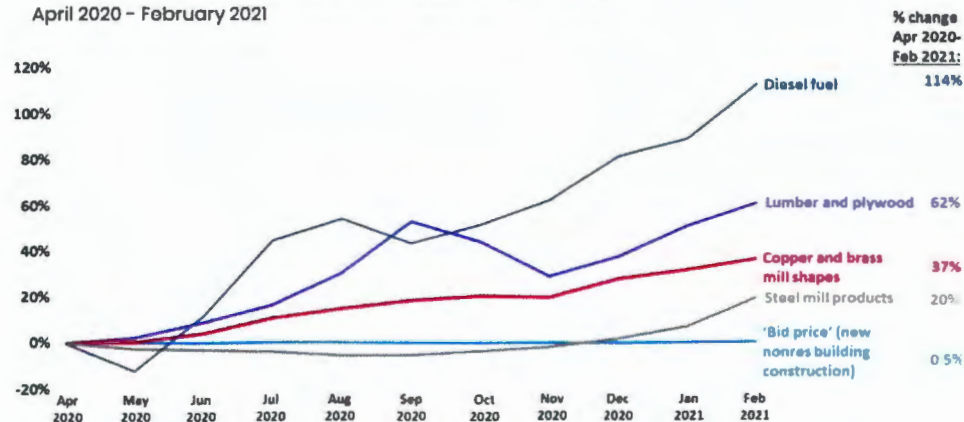
114%

Diesel fuel PPI (Producer Price Index) has increased more than 114% between April 2020 to February 2021

FIGURE 2

Price changes for construction and selected materials

April 2020 - February 2021



Source: Bureau of Labor Statistics, producer price indexes (PPIs) for new nonresidential building construction (bid prices), diesel fuel, wood, and metal products, not seasonally adjusted

270%

Due to extreme weather conditions and general demand, PVC prices have increased over 270% from March 2020 to March 2021

Some broad categories of products have not gone up dramatically, but narrower classes of products within those categories have. For instance, the PPI for plastic construction products rose "only" 6% from March 2020 to January. But an AGC member reported on March 5 that for polyvinyl chloride (PVC) "used in electric utility work the price from [March 2020] to January 2021 had a general increase of 85%." Following extreme winter weather in Texas that knocked out production facilities and created a surge in demand for pipe to replace broken lines, "Now that increase is 270% from March 2020" to March 4, 2021.

In recent weeks, producers and distributors of many additional materials have announced large price increases. Some have already been imposed, while others are scheduled to take effect in the next few weeks.

For example, a leading producer of spray polyurethane products, used for building sealants and insulation, announced on March 12 that it would increase prices 12-15%, "effective for all new and existing orders shipping after April 12." On March 4 another supplier

notified customers of two price increases of 10% each, effective on April 5 and May 1. On March 10, a major building-products distributor announced 19 broad categories of price increases, ranging as high as a 20% increase effective on April 5 for “all wallboard and glass mat products.”

In addition to sudden price increases, contractors are experiencing delivery times that have stretched or become completely unreliable. A producer of building mesh told customers on March 15, “Volatility in the costs associated with producing and shipping standard welded wire reinforcement has made it necessary for us to withdraw all previously issued price lists. The availability of SWWR has been negatively impacted by the shortage of raw materials; therefore, lead times previously quoted will require review.”

Not a short-term problem

Some might assume contractors will simply raise their prices to cover the added costs. But current conditions in the industry, as well as the record from previous episodes of escalating materials costs, suggest that the mismatch between materials costs and contractors’ prices is likely to persist for an extended period.

The pandemic has caused current production and delivery of many materials to fall short of demand. Initially, a wide range of factories, mills, and fabrication facilities were shut down on their owners’ initiative or because government orders deemed them to not be “essential.” In some cases, contractors—particularly homebuilders—canceled orders because they no longer saw demand for construction. Once production facilities were allowed to re-open, many of them had trouble getting up to full capacity because their own workers or those of their suppliers and freight haulers may have been ill, quarantined, or required to care for family members at home.

Imported products and components also were subject to production and shipping shutdowns in the early months of the pandemic. This particularly affected many products from China and northern Italy, ranging from kitchen cabinets and appliances to tile flooring to elevators. In recent months, production has increased but containers, ships, port space, and trucking capacity have all experienced bottlenecks that have slowed deliveries.

Dramatic shifts in demand triggered, at least in part, by the pandemic have added to price pressures and shortages of goods. Housing starts have increased between 15% and 20% from year-earlier levels, creating huge additional demand for wood products and other items that are also used in nonresidential construction. Restaurants that added decks and railings for outdoor dining, along with offices and other buildings undergoing remodeling, added to demand for these products.

A more recent source of price increases and extended lead times was the extreme winter weather that struck Texas in February.

Widespread, unanticipated power failures and unusual freezing temperatures shut down petrochemical plants that normally operate around the clock. Frozen pipes burst, adding to the damage. Repairing the damage and getting complex facilities back to full operating rates is likely to take several months in some cases.

Loss of this production affects plastic resins and other “building blocks” for a wide range of construction products, including: PVC pipe and other hard plastic products like plumbing fittings

15-20%

Housing starting costs have increased between 15% to 20% from year-earlier levels

and fixtures; vinyl siding and vapor barriers; binders or "glue" for the particles and layers of plywood and oriented strand board (OSB), and adhesives for backing/facing for wallboard. Various types of cardboard, paper, and plastic packaging, tapes, and fasteners, including ones for shipping and protecting construction materials, also depend on resins. The freeze also added to demand for plastic pipe and fittings to replace broken water lines, adding to the demand-supply imbalance.

Yet another cause of higher prices and tighter supply is trade policy actions imposed in 2018-2020. Tariffs or quotas on steel and aluminum from many countries, along with tariffs on hundreds of parts and materials from China, drove up the cost of many construction products and limited the number of suppliers, which has led to longer delivery times. Failure to renew a longstanding softwood lumber agreement with Canada has added to lumber costs.

Although the ostensible purpose of some of the trade actions was to protect and create jobs in the U.S. manufacturing sector, steel in particular, very little capacity has been added so far. Many manufacturers merely raised their prices in tandem with the imposition of tariffs.

PAST EPISODES

12.9%

In the past price inflation, materials costs experienced an annual growth rate increase of 12.9% in September 2008

The construction industry has endured previous spells of rapid cost escalation. For instance, the PPI for goods used in new nonresidential construction accelerated from a 3.6% year-over-year rate of increase in January 2004 to 10.0% by October of that year and remained above a 5% annual rate for a total of 31 months, before subsiding to a 3.2% rate in October 2006.

Less than a year later, materials costs soared again, rising from a 1.6% annual growth rate in August 2007 to 12.9% in September 2008. The financial crisis that fall brought rates down rapidly but, again, only for about a year. The growth rate spiked from 0.4% year-over-year in December 2009 to 5.8% the following April and remained above or close to 5% until early 2012.

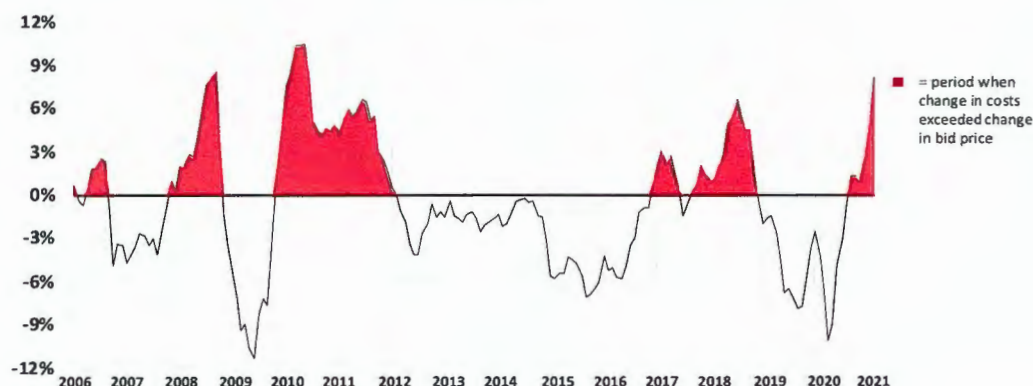
The most recent episode of high materials cost increases was from November 2018 through November 2019, when the year-over-year price change ranged from 4.9% to 9.2%.

While each of these price spikes eventually subsided, they caused enormous harm to contractors, who generally were not able to pass along the increases for an extended period. Not only were firms that had already signed contracts to deliver a project at a fixed price caught by the increases, but competition kept contractors from raising bids to match for a year or longer. A comparison of the year-over-year change in the PPI for materials with the PPIs for five types of new nonresidential buildings shows there were periods as long as 28 consecutive months with such price disparities. That is, contractors' bid prices rose less—or decreased—relative to the cost of the goods they purchased. For the most part, these months coincided with periods in which the value of nonresidential construction was stagnating or shrinking.

Figure 3 shows this comparison for one building type, new warehouse building construction. Periods in which the PPI for goods used in nonresidential construction exceeded the PPI for warehouse contractors' bid prices appear in red. The longer these intervals last and the higher the peak—i.e. the larger the gap between costs and bid prices—the more likely it is that some contractors will have financial difficulties. The current period already has one of the highest peaks.

FIGURE 3

Change in material costs vs. change in warehouse bid prices, Jan. 2006 -Feb. 2021
Difference between year-over-year change in costs vs. bid prices



Source: Bureau of Labor Statistics, producer price indexes for goods inputs to nonresidential construction (material costs) and new warehouse construction (bid prices)

CURRENT DEMAND FOR CONSTRUCTION

The construction market currently is marked by a huge disparity. Residential construction spending—comprising new single- and multifamily structures along with additions and renovations to owner-occupied housing—jumped 21% from January 2020 to January 2021. Over the same 12 months, private nonresidential construction spending tumbled 10%.

Employment data show a similar story. Both residential and nonresidential construction employment plunged by 14-15% from February to April 2020. But over the next nine months, through January 2021, employment among residential building and specialty trade contractors rebounded to the same level as in February 2020, immediately before the pandemic struck. In contrast, in those nine months nonresidential building, specialty trade and heavy and civil engineering contractors added back little more than half of the employees they lost between February and April 2020.

AGC has surveyed its members repeatedly since March 2020 to gauge the impact of the pandemic on their businesses. Consistently, and as recently as March 2021, only about one-third of firms reported the volume of their business had matched or exceeded the levels of one year before, while an equal share predicted they would not return to that level for more than six months. The remainder either thought it would take 1-6 months to reach year-ago levels or didn't know. These results, like the spending and employment data, point to a large amount of downward pressure on contractors' ability to pass along material cost increases. (Full survey results are available here: <https://www.agc.org/news/2021/03/11/march-2021-agc-coronavirus-survey-results>.)

21%

Residential construction spending jumped 21% from January 2020 to January 2021

What can contractors and owners do?

While contractors cannot unclog ports or rescind tariffs, they can provide project owners with timely and credible third-party information about changes in relevant material costs and supply-chain snarls that may impact the cost and completion time for a project that is underway or for which a bid has already been submitted.

Owners can authorize appropriate adjustments to design, completion date, and payments to accommodate or work around these impediments. Nobody welcomes a higher bill, but the alternative of having a contractor stuck with impossible costs or timing is likely to be worse for many owners.

For projects that have not been awarded or started, owners should start with realistic expectations about current costs and the likelihood of increases. They should provide potential bidders with accurate and complete design information to enable bidders to prepare bids that minimize the likelihood of unpleasant surprises for either party.

Owners and bidders may want to consider price-adjustment clauses that would protect both parties from unanticipated swings in materials prices. Such contract terms can enable the contractor to build in a smaller contingency to its bid, while providing the owner an opportunity to share in any savings from downward price movements (which are likely at some point, particularly for long-duration projects). The ConsensusDocs suite of contract documents (www.ConsensusDocs.org) is one source of industry-standard model language for such terms. The ConsensusDocs 200.1 Materials Price Escalation Addendum offers the only standard contract document that addresses price escalation.

The parties may also want to discuss the best timing for ordering materials and components. Buying items earlier than usual can provide protection against cost increases but it comes with the need to pay sooner for the items and potentially paying for storage, security against theft and damage, and the possibility of design changes that make early purchase unwise.

Conclusion

The construction industry is in the midst of a period of exceptionally steep and fast-rising costs for a variety of materials, compounded by major supply-chain disruptions and stagnant or falling demand for projects—a combination that threatens the financial health of many contractors. No single or simple solution will resolve the situation, but there are steps that government officials, owners, and contractors can take to lessen the pain.

Federal trade policy officials can act immediately to end tariffs and quotas on imported products and materials. With many U.S. mills and factories already at capacity, bringing in more imports at competitive prices will cool the overheated price spiral and enable many users of products that are in short supply to avoid layoffs and shutdowns.

Officials at all levels of government should review all regulations, policies, and enforcement actions that may be unnecessarily driving up costs and slowing importation, domestic production, transport, and delivery of raw materials, components, and finished goods.

Owners need to recognize that significant adjustments are probably appropriate regarding the price or delivery date of projects that were awarded or commenced early in the pandemic or before, when conditions at suppliers were far different. For new and planned projects, owners should expect quite different pricing and may want to consider building in more flexibility regarding design, timing, or cost-sharing.

Contractors need, more than ever, to closely monitor costs and delivery schedules for materials and to communicate information with owners, both before submitting bids and throughout the construction process.

Materials prices do eventually reverse course. Owners and contractors alike will benefit when that happens. Until then, cooperation and communication can help reduce the damage.

No single or simple solution will resolve the situation, but there are steps that government officials, owners, and contractors can take to lessen the pain

EXHIBIT:

D

SIHASIN FUND POWERLINE AND CHAPTER CAPITAL PROJECTS EXPENDITURE PLAN

NO.	CHAPTER	PROJECT DESCRIPTION	PROJECT TYPE (Pre-Design, Design, Design/Construction)	PROJECT DURATION	YEAR 1 FUNDING	YEAR 2 FUNDING	YEAR 3 FUNDING	MATCHING FUNDS (LEVERAGE)	SIHASIN FUNDS REQUESTED
124	Comfields	Sunrise Low Water Crossing (Road)	Pre-Design	26-36 months	\$0.00	\$266,000.00	\$0.00	\$0.00	\$266,000.00
125	Comfields	Rural Address LBAC E-911	Design/Construction	12 months	\$10,000.00	\$0.00	\$0.00	\$0.00	\$10,000.00
126	Comfields	Backhoe Purchase	Purchase	6 months	\$40,000.00	\$0.00	\$0.00	\$25,000.00	\$40,000.00
127	Comfields	Green House	Design/Construction	12 months	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$1,000.00
128	Kindalichii	Chapter House Parking Lot	Design/Construction	12-24 months	\$94,731.32	\$0.00	\$0.00	\$0.00	\$94,731.32
129	Jeddito	Backhoe Purchase	Major Equipment	6 months	\$107,064.66	\$0.00	\$0.00	\$0.00	\$107,064.66
130	Jeddito	Bathroom Addition (Goldwater Loop)	Design/Construction	18-24 months	\$0.00	\$363,134.33	\$0.00	\$0.00	\$363,134.33
131	Jeddito	Bathroom Addition (Upper Highland) Sitting Rk	Design/Construction	18-24 months	\$0.00	\$363,134.34	\$0.00	\$0.00	\$363,134.34
132	Steamboat	Old Chapter Renovation (Stone Bldg.)	Construction	8-12 months	\$220,000.00	\$0.00	\$0.00	\$0.00	\$220,000.00
133	Steamboat	Chapter Building Renovation	Design/Construction	18-24 months	\$0.00	\$0.00	\$400,000.00	\$50,000.00	\$400,000.00
134	Steamboat	Chapter Warehouse	Design/Construction	18-24 months	\$0.00	\$213,333.33	\$0.00	\$25,000.00	\$213,333.33
135	Ganado	Senior Center Building	Design/Construction	18-24 months	\$0.00	\$833,333.34	\$0.00	\$0.00	\$833,333.34
136	Coppermine	Backhoe	Major Equipment	4-6 months	\$50,000.00	\$0.00	\$0.00	\$0.00	\$50,000.00
137	Coppermine	Multipurpose Building Western Navajo Pipeline, Fireflow, Storage Tank	Pre-Design	18-24 months	\$0.00	\$0.00	\$200,000.00	\$0.00	\$200,000.00
138	Coppermine	Chapter Warehouse	Design/Construction	18-24 months	\$0.00	\$400,000.00	\$0.00	\$0.00	\$400,000.00
139	Kalbeto	Kalbeto Design Infrastructure	Design/Construction	18-24 months	\$0.00	\$370,000.00	\$0.00	\$0.00	\$370,000.00
140	Tonalea	Government Building	Construction	8-12 months	\$1,050,000.00	\$0.00	\$0.00	\$0.00	\$1,050,000.00
141	Klagetoh	Head Start Project	Pre-Design	8-12 months	\$0.00	\$400,000.00	\$0.00	\$0.00	\$400,000.00
142	Lupton	Basketball Court Development	Pre-Design	12 months	\$0.00	\$53,795.00	\$0.00	\$0.00	\$53,795.00
143	Lupton	Cemetery	Pre-Design	13 months	\$0.00	\$0.00	\$100,000.00	\$0.00	\$100,000.00
144	Lupton	Warehouse Renovation	Pre-Design	14 months	\$68,795.00	\$0.00	\$0.00	\$0.00	\$68,795.00

EXHIBIT E

THE NAVAJO NATION

JONATHAN NEZ | PRESIDENT MYRON LIZER | VICE PRESIDENT



August 5, 2020

Hon. Seth Damon
Office of the Speaker
Post Office Box 3390
Window Rock, AZ 86515

RE: CJY-57-20, *An Action Relating to Budget and Finance Committee, Resources and Development Committee and Naabik'iyáti' Committee and Navajo Nation Council; Allocating \$1,444,032 from the Síhasin Fund to the Capital Projects Management Department on behalf of the Ganado Chapter; and approving and adopting the Síhasin Fund Ganado Senior Citizens and Veterans Center Expenditure Plan pursuant 12 N.N.C. §§ 2501 – 2508*


Dear Speaker Damon,

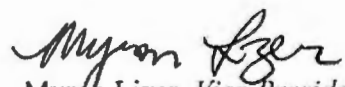
Pursuant to the authority vested in the Navajo Nation President, I am approving CJY-57-20.

This has been a long road for the Ganado Community but thanks to their perseverance and determination this project is nearing completion. Advocating for almost 10 years and closing the former center for the past four years, the Ganado Senior Citizens and Veterans will now have a place to call their own. We thank all those community members who were determined to see this project completed and we thank the 23rd and 24th Navajo Nation Council for their support of our elders and veterans. We made a commitment to the Ganado elders to support this project and working together with the Navajo Nation Council we share their joy for this project. Once again, our elders show us what it means to come together to support one another for the benefit of all.

Thank you to the 24th Navajo Nation Council for supporting the funds to complete the Ganado Senior and Veterans Center. We pray for the health and safety of our elders, veterans, and community members during this time and we trust there will be a time soon when we can all enjoy the community spirit at the new Ganado Senior and Veterans Center.

Sincerely,


Jonathan Nez, President
THE NAVAJO NATION


Myron Lizer, Vice President
THE NAVAJO NATION

RESOLUTION OF THE
NAVAJO NATION COUNCIL
24th NAVAJO NATION COUNCIL - SECOND YEAR, 2020

AN ACTION

RELATING TO BUDGET AND FINANCE COMMITTEE, RESOURCES AND DEVELOPMENT COMMITTEE AND NAABIK'ÍYÁTI' COMMITTEE AND NAVAJO NATION COUNCIL; ALLOCATING \$1,444,032 FROM THE SÍHASIN FUND TO THE CAPITAL PROJECTS MANAGEMENT DEPARTMENT ON BEHALF OF THE GANADO CHAPTER; AND APPROVING AND ADOPTING THE SÍHASIN FUND GANADO SENIOR CITIZENS AND VETERANS CENTER EXPENDITURE PLAN PURSUANT 12 N.N.C §§ 2501 - 2508

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Navajo Nation Council is the governing body of the Navajo Nation. 2 N.N.C. § 102 (A).
- B. The Naabik'íyáti' Committee of the Navajo Nation Council is empowered to review all proposed legislation which requires final action by the Navajo Nation Council. 2 N.N.C. §164 (A) (9).
- C. The Budget and Finance Committee of the Navajo Nation Council is empowered to review and recommend to the Navajo Nation Council the budgeting, appropriation, investment, and management of all funds. 2 N.N.C. § 301 (B) (2).
- D. The Resources and Development Committee of the Navajo Nation Council is empowered to provide oversight of the chapters of the Navajo Nation, as well as oversight over community development on the Navajo Nation. 2 N.N.C. §501 (C) (1).
- E. The Navajo Nation Code provides the purpose of the Navajo Nation Síhasin Fund ("Síhasin Fund") is as follows:

§ 2502 Purpose

- A. The purposes of this Fund are to provide financial support and/or financing for:
 - 1. The planning and development of economic development and regional infrastructure supporting economic development and community development, including such infrastructure as, but not limited to, housing, commercial and government buildings, waterline, solid

waste management development, powerline projects, and transportation and communication systems, within the Navajo Nation; and

2. Education opportunities for members of the Navajo Nation.
- B. For the Purpose in § 2502(A)(1), Fund expenditures for infrastructure shall not be limited by 12 NNC § 1310(F) or TCDCJY-77-99.
- C. Leveraging the Fund by way of guaranteeing loans, match funding, direct funding in part, and other weighted uses of the Fund, including loan financing from the Fund, for the purposes in § 2502(A)(1), shall be favored over direct funding in whole.

12 N.N.C. § 2502, as amended by CJA-03-18.

- F. The Síhasin Fund provides that "Fund Principal" shall consist of all deposits made to the Síhasin Fund and that "Fund Income" shall consist of all earnings (interest, dividends, etc.) generated and realized by the Fund Principal, and that Fund Income shall be deposited in and added to Fund Principal until such time as a Fund Expenditure Plan is duly adopted. 12 N.N.C. §§ 2504 and 2505 (C).

SECTION TWO. FINDINGS

- A. The Ganado Chapter has been certified as a Local Governance Certified Chapter of the Navajo Nation under 26 N.N.C. §§ 101 et al.
- B. As set forth in Ganado Chapter Resolution No. GAN-147-2019, attached as **Exhibit A**, the Navajo Occupational Safety and Health Administration (NOSHA) recommended the closure of the Ganado Senior Citizens Center, a residential double-wide trailer, due to multiple safety issues and building deficiencies; and on February 26, 2016, the Ganado Chapter closed down the Senior Citizens Center to protect the public.
- C. The Ganado Chapter has been advocating for a Veterans Center since before 2012, see **Exhibit B**, and has worked to secure the necessary land withdrawal for the Senior Citizens and Veterans Center.
- D. The Navajo Nation Council, through resolution CAP-35-18, approved and adopted the Síhasin Fund Powerline and Chapter

Projects Expenditure Plan including \$833,333.00 for the Ganado Senior Citizen Center project at CAP-35-18, Exhibit D. Item No. 135. This request for \$1,444,032.00 is in addition to the amount approved by CAP-35-18 attached as Exhibit C.

- E. The Ganado Senior Citizen and Veterans Center Scope of Work and Cost Breakdown are attached as Exhibit D.
- F. The "Section 164 Review Form" for the \$1,444,032.00, including Office of Management and Budget (OMB), Office of the Controller and the Department of Justice reviews, along with project budget and process schedules, are attached as Exhibit E.

SECTION THREE. ALLOCATION OF \$1,444,032.00 TO THE CAPITAL PROJECTS MANAGEMENT DEPARTMENT ON BEHALF OF THE GANADO CHAPTER AND APPROVAL AND ADOPTION OF THE GANADO CHAPTER SENIOR CITIZEN AND VETERANS CENTER EXPENDITURE PLAN

- A. The Navajo Nation hereby allocates one million four hundred forty-four thousand thirty-two dollars (\$1,444,032.00) from the Síhasin Fund to the Capital Projects Management Department within the Division of Community Development on behalf of the Ganado Chapter to plan, design and/or construct the Ganado Chapter Senior Citizen and Veterans Center as detailed in Exhibits D and E.
- B. The Navajo Nation hereby approves and adopts the Síhasin Fund Ganado Chapter Senior Citizen and Veterans Center Expenditure Plan as set forth in this resolution and in Exhibit D and E, attached and incorporated herein.
- C. The Síhasin Funds allocated for the Síhasin Fund the Ganado Chapter Senior Citizen and Veterans Center Expenditure Plan may be further leveraged by bond or loan financing pursuant to the Navajo Nation Bond Financing Act, 12 N.N.C. § 1300 et seq., as amended, using Síhasin Fund earnings for repayment and financing costs upon the recommendation of the Budget and Finance Committee and approval by a two-thirds (2/3) vote of all members of the Navajo Nation Council.

SECTION FOUR. APPROVAL AND ADOPTION OF EXPENDITURE PLAN ADMINISTRATION

The Navajo Nation hereby approves administration of the Síhasin Fund Ganado Chapter Senior Citizen and Veterans Center Expenditure Plan as follows:

- A. The Navajo Nation Controller shall determine whether the source of the \$1,444,032.00 allocations from the Síhasin Fund will be from Fund Principal or Fund Income or a combination of both;
- B. The funds allocated to the Capital Projects Management Department on behalf of the Ganado Chapter for the planning, design and/or construction of the Ganado Chapter Senior Citizen and Veterans Center shall be released to the Capital Project Management Department within ninety (90) days following enactment of the Ganado Chapter Senior Citizen and Veterans Center Expenditure Plan;
- C. The funds allocated for the Ganado Chapter Senior Citizen and Veterans Center Expenditure Plan shall be used solely to design, plan, and/or construct the Ganado Chapter Senior Citizen and Veterans Center described in **Exhibit D and E**. Any and all cost-saving shall be returned to the Síhasin Fund once the Ganado Chapter Senior Citizen and Veterans Center is completed;
- D. If requested by the Ganado Chapter, the Capital Projects Management Department may transfer the funds, responsibility and accountability for the Ganado Chapter Senior Citizen and Veterans Center Expenditure Plan to the Ganado Chapter pursuant to a Memorandum of Agreement or other form of grant agreement executed pursuant to 2 N.N.C. § 164 (B), as amended; and
- E. The fund allocated for the Ganado Chapter Senior Citizen and Veterans Center shall not lapse on an annual basis pursuant to 12 N.N.C. § 820 (N), however, any funds not spent or encumbered within twenty-four (24) months of the later of the date funds are released to the Capital Projects Management Department or transferred to the Ganado Chapter shall revert to the Síhasin Fund principal, unless recommended otherwise by the Resources and Development Committee and approved by the Naabik'iyáti' Committee.

SECTION FIVE. EFFECTIVE DATE

The Síhasin Fund Ganado Chapter Senior Citizen and Veterans Center Expenditure Plan, as set forth above, shall become effective pursuant to 12 N.N.C. § 2505.

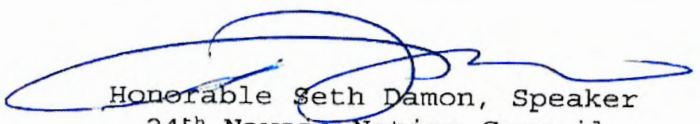
SECTION SIX. DIRECTIVES

The Ganado Chapter and the Capital Projects Management Department shall report the status of the Ganado Chapter Senior Citizen and

Veterans Center to the Naabik'íyáti' Committee a least once per quarter after the initial disbursement of funds.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the 24th Navajo Nation Council at a duly called meeting in Window Rock, Navajo Nation (Arizona), at which a quorum was present and that the same was passed by a vote of 22 in Favor, and 00 Opposed, on this 22nd day of July 2020.



Honorable Seth Damon, Speaker
24th Navajo Nation Council

July 27, 2020
DATE

Motion: Honorable Wilson Stewart, Jr.
Second: Honorable Rickie Nez

Speaker Seth Damon not voting

ACTION BY THE NAVAJO NATION PRESIDENT:

1. I, hereby, sign into law the foregoing legislation, pursuant to 2 N.N.C. § 1005 (C)(10), on this 5th day of August, 2020.

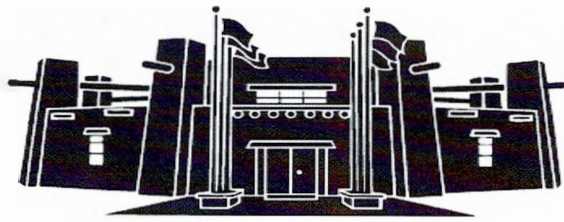
Jonathan Nez Myron Lee
Jonathan Nez, President
Navajo Nation

2. I, hereby, veto the foregoing legislation, pursuant to 2 N.N.C. § 1005 (C)(11), on this _____ day of _____, 2020 for the reason(s) expressed in the attached letter to the Speaker.

Jonathan Nez, President
Navajo Nation

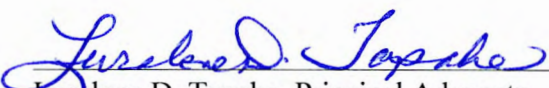
3. I, hereby, exercise line-item veto pursuant to the 2010 Certified Initiative, over the supplemental appropriations approved herein by the Navajo Nation Council; on this _____ day of _____, 2020.

Jonathan Nez, President
Navajo Nation



MEMORANDUM

To: Hon. Vince R. James, Member
Law and Order Committee
24th Navajo Nation Council

From: 
Luralene D. Tapahe, Principal Advocate
Office of Legislative Counsel

Date: March 29, 2022

Subject: **AN ACT RELATING TO THE RESOURCES AND DEVELOPMENT, HEALTH, EDUCATION, AND HUMAN SERVICES, BUDGET AND FINANCE, AND NAABIK'ÍYÁTI' COMMITTEES, AND TO THE NAVAJO NATION COUNCIL; APPROVING \$1,600,000 OUT OF THE SÍHASIN FUND TO COVER THE FUNDING SHORTFALL FOR THE GANADO CHAPTER SENIOR & VETERANS CENTER PROJECT; REAPPROVING THE RELATED EXPENDITURE PLAN PURSUANT TO 12 N.N.C §2501 – §2508**

Per your request, the Office of Legislative Counsel has prepared the above-referenced proposed legislation and related summary sheet. Based on existing Navajo Nation law and other applicable laws, and upon review of all supporting documents regarding your request that were submitted to OLC, this legislation as drafted is legally sufficient. However, as with any action of government, this legislation may be subject to judicial review in the event of a legal challenge.

Please review this legislation to make sure it is drafted to your satisfaction, and that all necessary and appropriate supporting documents have been provided and all attached Exhibits are correct.

OLC has reviewed the appropriate standing committees' authorities to consider this legislation, based on the standing committees' powers and responsibilities set forth in Title 2 of the Navajo Nation Code. Based on its review, OLC has listed those committees in the title of this legislation. However, the Speaker may assign this legislation to any committee(s) other than those shown in the title, pursuant to his authority under 2 N.N.C. §164(A)(5).

If you find anything unacceptable, please let me know immediately and advise me of your desired changes. I can be reached at phone no. (928)871-7166 or by email at: LuraleneTapahe@navajo-nsn.gov

Thank you for your cooperation.

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0063-22_

SPONSOR: Vince James

TITLE: An Act Relating to the Resources and Development, Health, Education and Human Services, Budget and Finance, and Naabik'iyáti' Committees, and to the Navajo Nation Council; Approving \$1,600,000 Out of the Síhasin Fund to Cover the Funding Shortfall for the Ganado Chapter Senior & Veterans Center Project; Reapproving the Related Expenditure Plan Pursuant to 12 N.N.C. § 2501 - § 2508

Date posted: March 30, 2022 at 6:24PM

Digital comments may be e-mailed to comments@navajo-nsn.gov

Written comments may be mailed to:

Executive Director
Office of Legislative Services
P.O. Box 3390
Window Rock, AZ 86515
(928) 871-7586

Comments may be made in the form of chapter resolutions, letters, position papers, etc. Please include your name, position title, address for written comments; a valid e-mail address is required. Anonymous comments will not be included in the Legislation packet.

Please note: This digital copy is being provided for the benefit of the Navajo Nation chapters and public use. Any political use is prohibited. All written comments received become the property of the Navajo Nation and will be forwarded to the assigned Navajo Nation Council standing committee(s) and/or the Navajo Nation Council for review. Any tampering with public records are punishable by Navajo Nation law pursuant to 17 N.N.C. §374 *et. seq.*