

**Denali Commission Quarterly
Project Narrative and Funds Disbursement Request**

Project Name: Construction of Therapeutic Family Homes

Agency: Family Centered Services of Alaska, Inc. Reporting Period: Final

Grant #: 65C-06-403 Amount of Funds Requested \$441,515.24

1. What is the status of the project; include portions completed?

One of the homes is licensed and has been in operation since December, 2008. Two of the homes have received provisional licensing and are scheduled to start receiving children by the end of October.

2. Is the project on schedule; if not, how will this be dealt with?

The project is complete.

3. Is the project on budget; if not, how will this be dealt with?

The project was completed on budget.

4. Other comments/problems and solutions:

No other comments at this time.

**Denali Commission Quarterly
Project Narrative**

Project Name: Construction of Therapeutic Family Homes

Agency: Family Centered Services of Alaska, Inc.

Reporting Period: Close Out

Grant #: 65C-06-403

1. What is the status of the project; include portions completed?

One of the homes is licensed and has been in operation since December, 2008. Two of the homes have received provisional licensing and are scheduled to start receiving children by the end of October.

2. Is the project on schedule; if not, how will this be dealt with?

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3. Is the project on budget; if not, how will this be dealt with?

The project was completed on budget.

4. Other comments/problems and solutions:

No other comments at this time.

**Denali Commission
Quarterly Project Financial Report**

Project Name: Construction of Therapeutic Family Homes

Agency: Family Centered Services of Alaska, Inc Reporting Period: Final

Grant #: 65C-06-403

Please include the following information:

(Use additional pages as necessary)

Budget Information:

1. The total project budget—Denali Commission and other funds combined
\$1,596,500
2. The total project expenditures as of the end of the most recent quarter
\$1,678,799
3. The total amount of Denali Commission funds committed to the project
\$695,000
4. The total expenditure of Denali Commission funds for the project as of the end of this reporting period
\$695,000
5. The percentage of expenditures to the total budget
44%
6. Project Performance Analysis (use PPA form on page 2 of 641)

Project Schedule:

Show the project schedule with milestone dates for design and construction.

One of the homes was completed in December, 2008 and is currently in operation. Two additional homes were completed on September 30, 2008. Three of the homes have undergone licensing inspection. One of the homes has been in operation for over a year. Two of the homes have received provisional licenses and are scheduled to start receiving children by the end of October.

rm 641A

**Denali Commission
Quarterly Project Financial Report
Project Performance Analysis (PPA) Form**

Project Name: Construction of Therapeutic Family Homes

Agency: Family Centered Services of Alaska, Inc Reporting Period: Final

Grant #: 65C-06-403

NOTE: Include Denali Commission Grant Funds Only on this form.

Line Items:	Approved Budget:	Actual Cost:	Scheduled Completion Date:	Actual Work Performed:
General Construction	\$1,370,200	\$1,390,000	9/30/2008	The project is complete
Engineering	\$19,800	\$0	9/30/2008	
Totals:	\$1,390,000	\$1,390,000		

Kathy L Cannone
Signature:

10/23/08
Date:

Kathy L Cannone, CFO
Print Name and Title:

Form 641B

Family Centered Services of Alaska, Inc.

Grant # 65C-06-403

Project Matrix

Freight:	\$0
Labor	\$61,286.30
Materials	\$1,506,271.27
Other (Construction Etc.	\$0
Planning and Design	\$0
Project Administration	\$111,241.43

Denali Commission Final Report
Prepared October 28, 2008
Reference Grant # 65C-06-403

Background and Expected Problems:

Family Centered Services of Alaska (FCSA) make application for, and was awarded \$1,390,000 to construct four (4) Therapeutic Family Homes each approximately 3,200 sq. ft. in size, in Fairbanks Alaska. The intended use for each home was to provide mental health treatment and general and emotional support for up to five (5) children in each home.

As noted in our original application our proposed project was intended to directly address an identified and well documented need for the delivery of mental health services to children in a home like non-institutional setting. Another identified need in our application was to make available services for children in a residential setting within or closer to their home community, Fairbanks and the Northern Region of Alaska, so as to reduce or eliminate the export of children to other areas of the State or to the lower 48.

The two primary problems that we anticipated that may be encountered if our project was awarded was the procurement of suitable land on which to construct the homes and completing our project within budget.

Activities:

Once we were awarded funding the first activity undertaken was to locate suitable land that met all our desired criteria. This activity turned out to be very challenging and in fact resulted in our project being delayed for a year. The problems that arose with locating land included the limited amount of land available that met all our criteria; the higher than expected price of land, and objections that were raised by residents in the general area when they were informed of our intent to build residential homes for children. The majority of residents in areas that we identified land expressed support for our project but opposed having the homes built anywhere near their residents.

Because of the difficulty of locating the necessary land FCSA had to extend our project an additional year and complete it in two (2) phases. The first phase of our project included the construction of one (1) home on land which we purchased before receiving the grant award. The construction of this home occurred during the summer of 2007. Phase two (2) of our project involved the construction of three (3) homes during the summer of 2008 on a 20 acre tract of land that FCSA purchased in the fall of 2007 and then subdivided into individual lots. The ultimate resolution to the problem of obtaining sufficient suitable land for our project required FCSA to go through an eight month process of developing a subdivision.

Once the land issue was resolved the activities that FCSA undertook to complete our project all centered on construction of the homes. FCSA acted as its own general contractor for the construction of the homes therefore we were directly involved in oversight of all phases the

construction from dirt work to interior finish work and the selection of all contractors to perform the work. All contractors selected for the project were selected through a competitive bid process and all contracts were executed in accordance with all requirements included within the grant award. Throughout the project our Construction/Facility Manager directly completed a number of minor building activities not directly identified with specific contractors and/or included in contracts.

Cost Containment:

To assure cost containment FCSA started the project by forming a management team to establish a detailed construction cost estimate for the project. The team included the Chief Fiscal Officer, Executive Director, Construction/Facility Manager, and the Director of Behavioral Health (program director). The cost estimate developed by the team identified a cost for each construction phase/component that would be necessary to complete the project. For example, a cost was determined for each house for foundation work, framing, electrical, roofing, etc. The cost estimates were then used as the basis to solicit bids from qualified contractors. Bids that exceeded allocated cost allotments for a particular phase of the project were generally rejected unless bids received on another phase were lower than had been allocated to complete that phase of the project and in turn able to offset the bids that came in higher than expected. To assure that cost overruns were avoided FCSA negotiated with selected bidders fixed price cost contracts with fixed timelines for both the start and completion of work.

Following the start of construction FCSA assured cost containment for the project by monitoring daily the work of each contractor and tracking all cost expenditures and/or request for reimbursement internally through its fiscal department. In short summary we were able to be completely successful with regard to construction cost containment for our project because of:

- Our ability to accurately estimate the cost of construction for each phase;
- Negotiating fixed price contracts with defined timelines;
- By providing constant oversight;
- Monitoring all expenditures;
- Having the expertise to assess the quality and appropriate speed at which work was completed.

The only cost that significantly increased from what was included in our grant application was the cost of land, for the reasons noted earlier in our report. The cost of land as submitted in the grant application was contributed to the project by FCSA. We had projected that the cost of land in our budget would be \$120,000 the total cost to FCSA for land used in the project was approximately \$210,000.

Project Outcomes:

The construction of four (4) Therapeutic Family Homes which was goal of our project was completed within budget and on schedule once land was secured and construction work

commenced. The overall construction of the homes involved no cost overruns and was completed within the approved grant award amount. At the conclusion of construction the homes received a five-star rating in accordance with standards established for the State of Alaska.

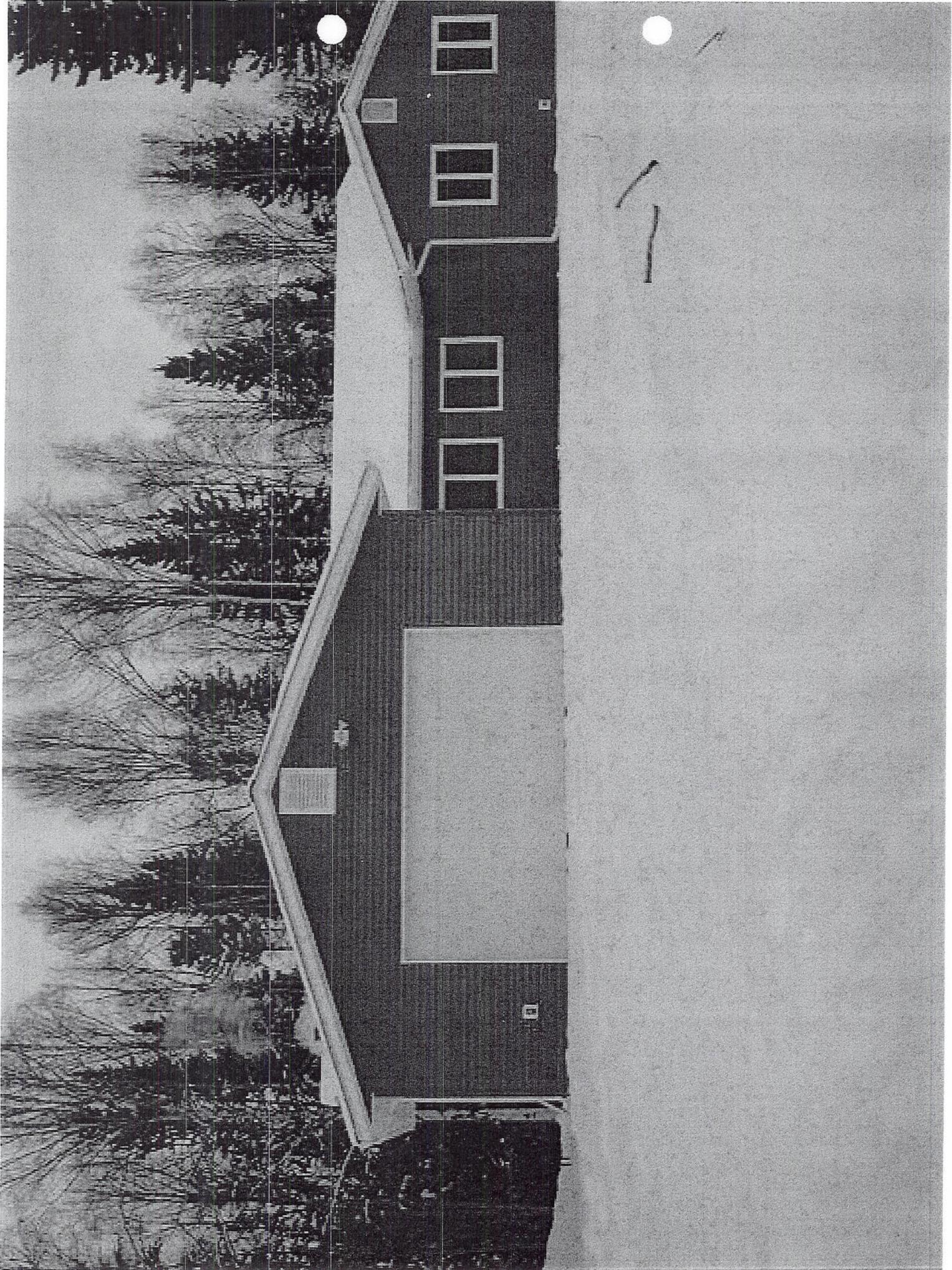
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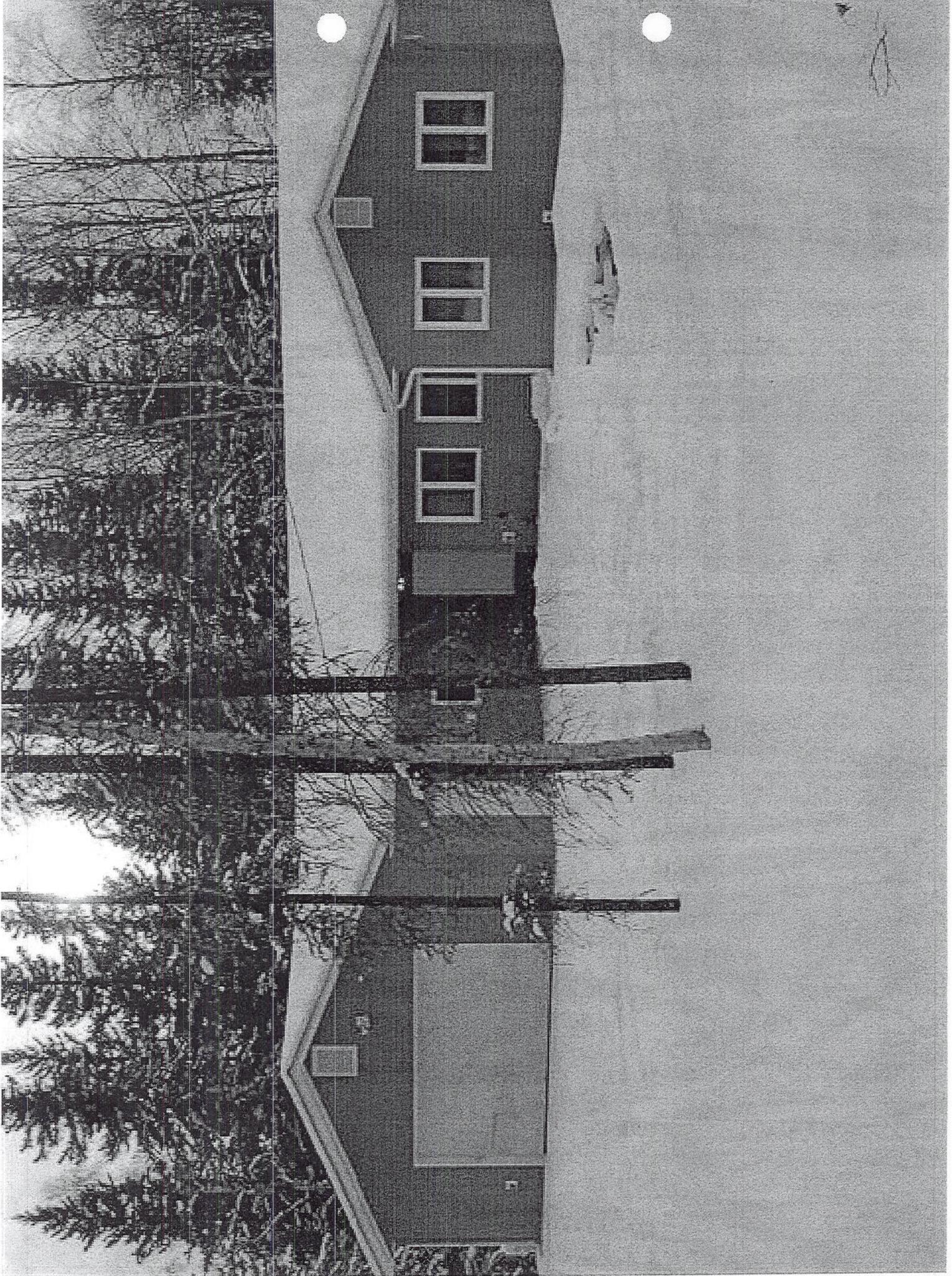
The only difficulty of note for our project, which was mentioned earlier in our report, was the procurement of property on which to construct the homes. The difficulty of locating land resulted in delaying construction of three (3) of the homes approximately one year.

Conclusions and Recommendations:

The only recommendations we have with regard to our project is that; we would recommend to other organizations to not act as their own general contractor unless they possess a quality fiscal management system to tract expenditures, and have in-house construction and general management expertise that is equal to our own. Otherwise it would be relatively easy to have cost overruns occur.











CERTIFICATE OF APPRECIATION

Denali Commission

Contribution Toward the Acquisition/
Construction of Therapeutic Family
Homes in Fairbanks

Family Centered Services of Alaska



[Signature]
Special Agent in Charge
10/27/08