



Date: September 20, 2016

To: Thomas J. Bonfield, City Manager

Through: W. Bowman Ferguson, Deputy City Manager

From: Steven W. Hicks, Director, General Services Department

Subject: Construction Manager at Risk Guaranteed Maximum Price (“GMP”) Amendments for Balance of Trades with LeChase Construction Services, LLC (“LeChase”) for the Police Headquarters Complex and CIP Ordinance Amendment

Executive Summary

On March 2, 2015, City Council approved a contract (“Executed Contract”) for Construction Manager at Risk (“CMAR”) with LeChase Construction Services, LLC (“LeChase”) to provide preconstruction services for the Police Headquarters Complex (“Project”) in the amount of \$215,000. On June 6, 2016, City Council adopted the CMAR prequalification policy in accordance with G.S. 143-135.8, and City Council approved the first Guaranteed Maximum Price (“GMP”) amendment in the amount of \$2,145,853.00 for Package 1 which includes Site Demolition, Abatement, and Soil Remediation. Package 1 bidding is complete, and the final GMP amount was \$1,547,359.00. On August 1, 2016, City Council approved the second GMP amendment in the amount of \$14,978,310.00 for Package 2 which includes earthwork, foundations, concrete, structural steel, precast and site logistics. Bidding for Package 2 is also complete, and execution of the final GMP is underway in the amount of \$13,640,765.00.

LeChase recently submitted the Preliminary Guaranteed Maximum Price (“PGMP”) for the final bid package, Package 3, where the scope of work and individual bid packages include mechanical, plumbing, electrical, masonry, glass and glazing, drywall, miscellaneous steel, roofing, doors, frames, hardware, flooring, elevators, fire protection, fencing, utilities, architectural millwork, metal panels, hard tile, window treatments, ceilings, window treatments, site and miscellaneous concrete, pavement, landscaping, waterproofing, fireproofing, interior glass, terrazzo, painting, interior general contractor package, specialties, storage specialties, protection covers, loading dock equipment, lab casework, and special structures. Package 3 bid documents will be based on 100% Construction Documents (“CDs”) issued by O’Brien Atkins Associates, PA (“O’Brien Atkins”) on October 14, 2016.

Please note that the CIP Ordinance Amendment for this item includes the additional funding for the Police HQ Replacement & Annex project. It is recommended that the City Council adopt an ordinance amending the General Capital Improvement Project Ordinance, Fiscal Year 2016-17, as amended, the same being Ordinance # 14945, for the purpose of adding \$8,999,167.00 to the Police HQ Replacement & Annex project.

Recommendation

The General Services Department recommends that the City Council:

To Authorize the City Manager to negotiate and execute additional Guaranteed Maximum Price (GMP) amendments for the balance trades to the CMAR contract for construction services with LeChase Construction Services, LLC so long as the amount does not exceed \$34,164,306.00;

To Establish a total project contingency in the amount of \$1,973,707.00, which includes the remainder of all prior established contingencies;

To Authorize the City Manager to negotiate and execute Change Orders to the LeChase Contract so long as the amount does not exceed \$52,035,052.00 which is the sum of preconstruction services in the amount of \$215,000.00, GMP 1 in the amount of \$1,547,359.00, executed Change Orders in the amount of \$493,915.00, GMP 2 in the amount of \$13,640,765.00, additional GMP amendments in the amount of \$34,164,306.00, and the total project contingency in the amount of 1,973,707.00; and,

To Adopt an ordinance amending the General Capital Improvement Project Ordinance, Fiscal Year 2016-17, as amended, the same being Ordinance # 14945, for the purpose of adding \$8,999,167.00 to the Police HQ Replacement & Annex project.

To Approve the selection of the following preferred brand alternates pursuant to G.S. 133-3 for the bid documents for the DPD HQ: the Paxton Access Inc. door access control system, the American Auto-Matrix building automation system and the Schlage Everest 29 security system.

Background

On May 3, 2016, General Services submitted Agenda Item number 11137, recommending approval of GMP Amendment for Package 1 and adoption of the CMAR prequalification policy, which was approved by City Council on June 6, 2016. Agenda Item 11137 provides a chronology framework for the Police Headquarters Complex project in the background section, starting with the Master Facility Study as part of the Planning Phase in January 2010, includes background on the Land Acquisition Phase in 2013 and 2014, and concludes with background of the Design Phase by providing an update of the project through 100% Design Development Phase completed in early May 2016. Subsequent agenda items include approval of GMP 1/Package 1 on June 6, 2016, approval GMP 2/ Package 2 on August 1, and a 2016 presentation update to City Council on September 8, 2016. The project team also presented on project overview, cost share analysis for 911, and provided a construction update to the County Commissioners on September 12, 2016.

Major activities completed by the Project Team over the past two months include:

- Third round submission of Site Plan to City/County Planning Department (“Planning”), and receipt of third round comments in late August. The Project Team responded to Site Plan comments on September 13 and anticipate comments or approval by October 4.
- Design Special Use Permit (“DSUP”) from the Board of Adjustment (“BOA”) will likely not be required. All previous comments have been addressed by the Design team responding to Site Plan comments.

- Presentation update to City Council on September 8.
- Project Team is planning for another neighborhood meeting for late October 2016 to provide an update on general project information, schedule, and sequence of work to neighboring business.
- General Services staff continues to lead a community oriented facilitated art process to determine site specific public art opportunities.
- RFQ for Special Inspections and Construction Materials Testing was advertised in May, submittals were received, reviewed and scored by City Staff in June, interviews were held July 8, Falcon Engineering was selected, and contract approval for by City Council is scheduled to occur at October 3, 2016 City Council Meeting.
- 99% Construction Documents were submitted on August 26, 2016, and the project team submitted a cost estimate and PGMP 2 in mid-September.
- The design team is on target to submit 100% structural documents, curtain wall documents, and elevator documents, by the end of September and for all other construction documents, 100% submission is scheduled for October 14.
- PGMP 3 advertising is underway where the pre-bid meeting is scheduled for October 6, 2016 and bid opening for the project is scheduled for October 25, November 8, November 9, and November 10, 2016.
- Public Works, Water Management, and General Service coordination meetings are ongoing to ensure coordination of water-line project as well as off-site improvements including stormwater piping at Ramseur Street and road re-paving after project is complete.

Issues/Analysis

When General Services submitted the first GMP amendment for LeChase Construction for approval by City Council, the Project Team presented the recommended phasing for the project in three construction phases, and explained that the multi-phase procurement will not result in a direct savings in cost, but will result in indirect cost benefits as follows:

1. Will remove demo/abatement (Package 1) from the critical path and mitigate potential cost increases from unknown conditions or delays.
2. Will allow major structural packages (Package 2) to bid quicker which will mitigate potential cost increases and maximize market competition.
3. Will allow for final design development to be accomplished in a non-critical environment.

The project team also explained the schedule benefits for multi-phase procurement.

1. For Package 1, the scope of work is subject to risk of unforeseen conditions, so this early phase will allow more time to address these unknowns if they're encountered, ensuring that they do not delay the overall project. Also, permitting and approvals for this phase are a quicker process than what will be for the other phases.
2. For Package 2, since structural design is typically completed at 50% Construction Documents (CD), and design development after that point is typically focused on the building's interior, there is a schedule benefit to releasing an early structural package. Structural Steel and Precast Concrete have a 12-week duration for submittals, approvals and fabrication. Early phase release will allow this 12-week duration to occur concurrently with remaining design, resulting in over 2 months of savings in the project schedule. Foundations are subject to risk of unknown conditions. Early release of foundations will help mitigate delays if unknown conditions are encountered.

3. For Package 3, since design development from 50% CD to 100% CD is typically interior build-out scope, the phasing plan will allow the design team more time to complete the final stages of design.

An update on the budget for construction and additional detail on the construction phasing strategy are as follows:

- **Budget for Construction** - The total amount of GMP 1, GMP 2, and PGMP 3 are within the budgeted amount for construction and contingency.
 - Amount of GMP 1, GMP 2, and PGMP 3 – \$49,352,430.00
 - Budgeted amount for construction - \$49,374,432.00
 - Amount of overall contingency - \$2,467,622.00
 - Budgeted amount for contingency - \$2,504,770.00
- **Package 1** (Phase 1), site demolition, abatement, and soil remediation, was based on construction documents (“CDs”) provided by O’Brien Atkins on April 19, 2016, and includes environmental and abatement drawings from Terracon Consultants. The scope of work includes removal of all asbestos containing materials, demolition and removal of all existing buildings and site elements, remediation of contaminated soils, providing temporary fencing around the site with gates at construction entrances, placement of gravel for site storage, site trailer and access to service future building construction, truck wash area, temporary toilets, and general conditions. Bidding of Package 1 was completed in July 2016, work is underway and 90% complete. The contractor has encountered unforeseen contaminated water, hidden foundations, and additional contaminated soils, resulting in change order costs that are being handled through use of authorized contingency. Expected completion was anticipated in mid-November is now scheduled to be complete in mid-October 2016, one month earlier than originally anticipated. The current schedule and progress for Package 1 is:
 - Submission of Package 1 Construction Documents – April 19, 2016 **(complete)**
 - Submit PGMP #1 into OnBase – May 3, 2016 **(complete)**
 - EO/EA Outreach – May 12, 2016 **(complete)**
 - City Council Approval – June 6, 2016 **(complete)**
 - Prequalification of First Tier Subcontractors, Bidding, and Execute PGMP #1 Amendment – June 7 – July 14, 2016 **(complete)**
 - Permits, Mobilize – July 2016 **(complete)**
 - Construction – July 2016 to October 14, 2016 **(underway and 90% complete)**
- **Package 2** (Phase 2), structures, was based on 50% CDs which were issued by O’Brien Atkins on June 24, 2016. Final recommendation for scope of work by LeChase is as follows: Earthwork (to bring the site to final rough grade elevation), deep foundations (garage and headquarters building), concrete (garage and headquarters) precast structure (garage), and structural steel (headquarters). Package 2 will also include some general requirement scope to finalize site logistics (temporary access roads, temp utilities, site cleaning and temporary signage). 100% structural steel CD set and separate 100% foundation CD set is expected in late September. The current schedule and progress of Package 2 is:
 - Submission of 50% CDs – June 24, 2016 **(complete)**
 - Submit PGMP #2 into OnBase – July 5, 2016 **(complete)**
 - City Council Approval – August 1, 2016 **(complete)**
 - Prequalification of First Tier Subcontractors, Bidding **(complete)**
 - Execute PGMP #2 Amendment – September 27, 2016 **(underway)**

- Long Lead Submittals and Fabrication of Precast and Structural Steel – September 27, 2016 to February 27, 2017
- Permits, Mobilize, and Construction – October 17, 2016 to June 2017
- **Package 3** (Phase 3), balance of trades, initial bidding is based on 99% CDs submitted on August 26, 2016, and will be updated via an addendum to bidders when O'Brien Atkins issues 100% Construction Documents on October 14, 2016. Bid openings for this phase are scheduled for October 25 and November 8, 9, and 10. Scope of work will comprise long lead submittals including utilities and general submittals, as well as all major trades needed to complete the project including masonry, metal panels, glazing, roofing, doors, frames, and hardware, electrical, mechanical, plumbing, fire protection, security, drywall, flooring, tile, terrazzo, paint, elevators, landscaping, signage, and site furnishings. The proposed schedule for Package 3 is based on receipt of 100% CDs as well as jurisdictional approvals, including Site Plan and Public Works approval.
 - Submission of 99% CDs – August 26, 2016 (**complete**)
 - Target date for all jurisdictional approvals including Site Plan Approval– Late September / Early October, 2016
 - Submit PGMP # 3 in OnBase – September 20, 2016
 - City Council Approval – October 17, 2016
 - Prequalification of First Tier Subcontractors, Bidding, and Execute PGMP #3 Amendment – September 8, 2016 to December 12, 2016
 - Permits, Mobilize, and Construction – December 13 to Summer 2018

General Services is requesting City Council approve three preferred brand alternates. N.C.G.S. 133-3 allows preferred brand alternates on public projects as long as the performance standards for the preferences are approved in advance by the governing board. To be approved, the alternate must provide a cost savings and/or maintain/improve the functioning of a process or system affected by the preferred brand alternate. Preferred brands are frequently requested by units of government for a variety of reasons including maintaining compatibility and uniformity with processes already in place. The three preferred brand alternates and corresponding performance standards that support these preferences are as follows:

1. **Paxton Access Inc.** – Preferred door access control system will maintain the standardized City wide security monitoring system currently in place for door entry access, as well as maintain City's system for management of City wide badge operations. The Paxton system is used in over 40 City facilities.
2. **American Auto-Matrix** – Preferred Building Automation System ("BAS") for HVAC controls will maintain the BAS system currently used by General Service and other City Departments for centralized control of heating, ventilation and air conditioning systems, as well as maintain the standardized process City staff uses to gain remote access to address temperature changes and review system operation. The American Auto-Matrix BAS system is used in over 18 City facilities.
3. **Schlage Everest 29** – Preferred keying system is compatible with current Police Schlage Master Keying System. Upgrading to Schlage Everest 29 will improve the current keying system and provide a higher level of security because Everest 29 cannot be duplicated without authorization and is patent-protected to 2029.

The Project Team plans to come before City Council in the future for the following items:

- Design Contract Amendment for Additional Services to include full time onsite project representation during construction.
- Construction Update to City Council - Early Spring 2017
- Furniture Fixture and Equipment (FFE) Procurement as required.

Alternatives

Phase 1 GMP and Phase 2 GMP were already approved by City Council. An alternative would be to delay Phase 3 GMP, but that would delay the project and is not recommended.

Financial Impact

Project Funding		
	TOTAL PROJECT FUNDING – CURRENT	\$62,468,959.00
	ADDITIONAL PROJECT FUNDING IN CIP ORDINANCE AMENDMENT	\$8,999,167.00.
	TOTAL PROJECT FUNDING	\$71,468,126.00
Funding Uses Prior and Budgeted		
Land Acquisition Phase:		
Land Acquisition Costs		\$5,726,089.00
Design Phase:		
Environmental/Geotechnical/Asbestos Services (Terracon – Contract, Amendment 1 and 2)		\$206,133.00
Architecture Services Contract (O'Brien/Atkins Associates, P.A.)		\$5,205,642.00
CMAR Preconstruction Contract (Lend Lease (US) Construction Inc.)		\$215,000.00
Asbestos Design, Air Monitoring Services, and Geotechnical Borings for Structural Design (Terracon Contract)		\$23,000.00
Design Contingency (O'Brien Atkins)		\$163,855.00
Design Contingency (Terracon)		\$11,784.00
Special Inspections and Construction Material Testing Contract (Falcon Engineering, Inc)		\$578,500.00
Special Inspections and Construction Material Testing Contingency (Falcon Engineering)		\$57,850.00
Construction Phase:		

GMP #1 - Executed		\$1,547,359.00
PGMP #2 - Pending		\$13,640,765.00
Change Order #1 - allowance for disposal of contaminated water		\$36,124.00
Change Order #2 - allowance for removal of hidden foundations and allowance for removal contaminated soil		\$216,436.00
Change Order #3 - allowance for removal of contaminated soils		\$241,355.00
Soft Costs Budget (FFE, IT, Low Voltage, Computers, Software, Connections)		\$6,232,393.00
Other Construction Phase Costs Budget		\$682,389.00
Owners Other Expenses:		
Other Owner Expenses		\$545,439.00
	TOTAL	\$35,330,113.00
Funding Uses Current		
Guaranteed Maximum Price ("GMP") Amendment for GMP 3 (LeChase)		\$34,164,306.00
Total Contract Contingency		\$1,973,707.00
	TOTAL	\$36,138,013.00
	FUNDING USES TOTAL	\$71,468,126.00

UBE Summary

This is the submission of pricing related to the Durham Police Headquarters and was not reviewed by the Department of EOE for compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting. The project does have a plan in place to promote minority and women underutilized business enterprise (UBE) participation when construction begins.