



Date: July 25, 2017

To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Steven W. Hicks, Director, General Services Department
Subject: Downtown Parking Garage Project authorization to negotiate and execute a Guaranteed Maximum Price (GMP) Amendment to the CMAR contract for construction services

Executive Summary

On August 15, 2016, City Council approved a contract for Construction Manager at Risk (“CMAR”) with Balfour Beatty Construction, LLC (“Balfour Beatty”) to provide preconstruction services for the Downtown Parking Garage Project (“Project”) in the amount of \$115,000. Over the past year, Balfour Beatty has provided services including constructability reviews of Schematic and Design Development documents, cost model estimates and value management to keep the project plans within the construction budget, and construction phasing strategies to ensure the project is completed on time. Balfour Beatty and the Project Team recently completed reconciliation and value management of the 100% Design Development cost estimate, and the project is within the estimated budget for construction. Construction work will not begin until 100% Construction Documents are completed and accepted.

Balfour Beatty recently submitted the Preliminary Guaranteed Maximum Price (“PGMP”) for the complete construction package and will phase the bidding into two packages.

- Package 1 – Site demolition, Soil surcharge, Structural foundations, Utilities and Elevator specifications (Preparation for bidding is underway with anticipated contract execution and mobilization to site by October 1)
- Package 2 – Balance of trades (Bids due by the end of November)

Also, as required by G.S 143-128.1(c), City of Durham (“City”) staff and Balfour have jointly developed a prequalification process in accordance with G.S. 143-135.8 which, when using CMAR, requires the governing body to adopt an objective prequalification policy prior to bidding. This process was presented to City Council for approval on August 7, 2017.

With this agenda item, staff seeks approval from Council to execute amendments to the Balfour Beatty contract up to the value of the GMP plus contingencies.

Recommendation

The General Services Department recommends City Council approval of the following motions:

To authorize the City Manager to negotiate and execute a Guaranteed Maximum Price (GMP) Amendment to the CMAR contract for construction services with Balfour Beatty Construction, LLC in an amount not to exceed \$19,799,711.00;

To establish a project contingency in the amount of \$495,000.00 and authorize the City Manager to negotiate and execute Change Orders to the GMP Amendment so long as the amount does not exceed \$20,294,711.00

Background

In 2013, the City of Durham, under contract with Kimley-Horn, conducted a Comprehensive Parking Study of the existing parking system to be in a position to provide an improved experience to those that work, visit and live in Durham.

To meet future parking demand in the Downtown area, the Parking Study identified the need for a new City-owned parking garage. During the Comprehensive Parking Study, possible sites for the garage were identified and surface parking lot #14 along West Morgan Street between Rigsbee Avenue and North Mangum Street was selected as the best option for meeting program and budget requirements.

In February of 2016 the Transportation Department consulted with Kimley-Horn to provide a series of conceptual layouts for the proposed program. The layouts tested massing, traffic, circulation, adjacency options, and their impact on project costs. The study determined the number of parking spaces that is attainable within the available footprint, as well as options for the incorporation of commercial/retail space. In addition to developing concepts, the study identified key design components that would be studied further during design development.

On August 15, 2016 City Council authorized the City Manager to execute professional service contracts with Little Diversified Architectural Consulting, Balfour Beatty Construction and Falcon Engineering. The Project Team along with City staff was engaged in preparing conceptual design options that incorporated affordable housing through the end of November of 2016 with the ultimate recommendation from Council to proceed into design without the affordable housing component.

Over the past year, Balfour Beatty has provided services including constructability reviews of Schematic and Design Development documents, cost model estimates and value management to keep the project plans within the construction budget, and construction phasing strategies to ensure the project is completed on time. The project is currently in the construction documentation phase with the plan to begin bidding in August 2017, begin

construction in October 2017 and complete construction in February of 2019. The current program is a seven story structure with 667 parking spaces and 15,687 SF Retail and 4,750 SF of Office at the ground floor level.

Issues/Analysis

Balfour Beatty recommends bidding construction in two phases. Phased procurement will not result in a direct savings in cost, but will result in indirect cost benefits by allowing major structural packages, soil surcharge and the long lead item of elevator specifications to bid quicker which will mitigate potential cost increases and maximize market competition. The final GMP with Balfour Beatty will not be executed unless the project is within the authorized budget.

Alternatives

Approving authorization for the City Manager to negotiate and execute a Guaranteed Maximum Price (GMP) Amendment to the CMAR contract for construction services for the Downtown Parking Garage Project is recommended as the most efficient path for delivery of the parking garage and maintaining the construction schedule.

Financial Impact

The financial impact of this request is authorization for the City Manager to negotiate and execute a GMP in an amount not to exceed \$19,799,711.00 and to establish a construction contingency of \$495,000.00 Funds for this project are currently budgeted and available as follows:

FUNDING SOURCES	
Debt	\$23,000,000.00
TOTAL	\$23,000,000.00
PROJECT EXPENSES	
Professional Services-Design	\$1,854,080.00
Professional Services-Geotechnical Engineer	\$312,000.00
Professional Services-CMAR Preconstruction	\$115,000.00
Owner’s Costs-Design and Contingency	\$424,209.00
Construction Contingency*	\$495,000.00
Construction & FFE Budget-GMP*	\$19,799,711.00
TOTAL	\$23,000,000.00

* Spending authority is requested as part of this agenda item.

UBE Summary

This is the submission of pricing related to the Downtown Parking Garage Project and was not reviewed by the Department of EOE for compliance with the Ordinance to Promote

Equal Business Opportunities in City Contracting. There is a UBE Strategic Plan in place to promote minority and women business enterprise participation in this project.