



Subject: City Hall Project – Early Work Site Preparation and Material Procurement Approval	
Meeting Date: May 21, 2019	Staff Member: Sidaro Sin, Redevelopment Manager Department: Lake Oswego Redevelopment Agency (LORA)
Action Required <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Public Hearing <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda	Advisory Board/Commission Recommendation <input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable <hr/> Comments:
Staff Recommendation: Authorize the LORA Executive Director to amend the existing Construction Management and General Contractor Contract for site preparation and material procurement in the amount of \$8,107,796.	
Recommended Language for Motion: Move to authorize the LORA Executive Director to amend the existing Construction Management and General Contractor Contract for site preparation and material procurement work in the amount of \$8,107,796.	
Project / Issue Relates To: <input checked="" type="checkbox"/> Council Goals/Priorities <input checked="" type="checkbox"/> Adopted Master Plan(s) <input type="checkbox"/> Not Applicable	

ISSUE BEFORE THE BOARD

Shall the Board authorize approximately \$8.1m in early site work and material procurement in advance of the Guaranteed Maximum Price? The authorization would lock in construction costs for approximately 25% of the project cost, reduce wet-weather impacts, and keep the project on schedule.

EXECUTIVE SUMMARY

The design team has completed 75% construction drawings and the general contractor Howard S. Wright (HSW) is seeking authorizing to proceed with \$8.1m in early work for the city hall

project. The Construction Management and General Contractor (CM/GC) contract that was approved in January 2017 allows an amendment for “early work,” which includes procurement of materials, release of bid proposals and critical components of the project such as demolition, excavation, shoring, and foundation. Authorization of the early work benefits the City by providing construction cost certainty for 25% of the project, locks in materials costs and allows weather sensitive work to be completed during the dry months.

BACKGROUND

On March 5, 2019, the LORA Board approved the design development phase drawings and directed the project team to proceed with the construction document phase. The total project cost was estimated at \$43.1 million (\$32.8 million hard costs and \$10.3 million soft cost). The project continues to carry a total contingency of \$5.7 million which is included in the total project cost (7.5% contractor contingency and an overall 10% owner contingency).

The design team has completed 75% construction documents and anticipates completing 90% of this phase in early June. HSW will then prepare their final Guaranteed Maximum Price (GMP) for the Board’s authorization in mid-July. Final construction documents will be completed by August when building permits are submitted.

DISCUSSION

On January 3, 2017, the Board authorized a Construction Management and General Contractor (CM/GC) contract with HSW for the construction of the new city hall. As part of the contract, it authorized \$50,000 for preconstruction services.

The contract also included a provision to amend the contract to allow limited early work to proceed in advance of establishing the GMP. Permitted early work includes: procurement of materials and supplies; release of bid proposal packages for site development; and other advance work related to critical components of the project that will materially affect the critical path schedule of the project, such as demolition, excavation, shoring and foundation work.

HSW is requesting authorization for a not-to-exceed amount of \$8,107,796 for the early work. The following table outlines the early work, and the identified funding for payments. See Fiscal Impact discussion on the next page.

Howard S. Wright - Early Work Scope	AMOUNT	
	(Fund Allocation)	
DESCRIPTION	LORA Fund	City Sewer Fund
Abatement, shoring, excavation, utilities, demolition, concrete, rebar, exterior glazing, elevator system	\$6,863,126	
Public Sanitary Sewer Realignment		\$165,000
Project Contingency 5%	\$343,156	\$8,250
Sub-Total	\$7,206,282	\$173,250
General Conditions, Insurance, CM/GC Fee	\$711,166	\$17,098
Early Work Sub-Total	\$7,917,448	\$190,348
Early Work Grand Total	\$8,107,796	

The benefit to initiating this early work is that it protects the City from uncertain escalating construction costs, minimizes weather impacts and keeps the project on schedule. Specifically, approving the early work will:

- Provide certainty to 25% of the project cost, which in turn has allowed the contractor to reduce the construction contingency for this part of the project from 7.5% to 5% (a reduction of approximately \$155,000)
- Lock in the cost of materials, such as concrete, steel, exterior glazing and elevators
- Allow weather sensitive work such as excavation, shoring, foundation and waterproofing work to occur in advance of the wet weather.

Although the Board is authorizing up to \$8.1m in early work prior to the GMP, under the contract General Conditions for Public Improvements, the Board may terminate the contract in whole or in part whenever it is determined to be in the best interest of the public. The contractor is also protected in that they would be compensated for the work completed to date.

FISCAL IMPACT

The \$8.1m includes \$190,348 for the relocation of the sanitary sewer line along A Avenue and down Third Street which will be charged to the City sewer fund. The balance of the early work will come from the Redevelopment Agency's tax increment funding. There are adequate resources in both funds to cover the cost of the early work.

RECOMMENDATION

Authorize the LORA Executive Director to execute an amendment to the existing Construction Management and General Contractor Contract for material procurement and site preparation in the amount of \$8,107,796.