



City Council Report

Date: March 16, 2020
To: City Council
Through: Kari Kent, Assistant City Manager
From: Beth Huning, City Engineer
Marc Ahlstrom, Assistant City Engineer
Subject: Mesa City Center – Third Guaranteed Maximum Price (GMP No. 3) – ASU @ Mesa City Center (**District 4**)

Purpose and Recommendation

The purpose of this report is to present the Guaranteed Maximum Price (GMP) No. 3 for the proposed Mesa City Center projects. GMP No. 3 is the second GMP for the ASU @ Mesa City Center building, a Construction Manager at Risk (CMAR) project. (See Exhibit “A” for project location.)

GMP No. 3 includes all remaining ASU building construction that was not included in GMP 2. GMP 2 included general site demolition, excavation of the building site, building pad preparation, foundations, the concrete building structure, and associated items.

Staff recommends awarding a contract for this project to the selected Construction Manager at Risk, DPR Construction, in the amount of \$46,548,058.00 (GMP) and authorizing a change order allowance in the amount of \$2,327,402.90, for a total amount of \$48,875,460.90.

Background

The Council approved an Intergovernmental Agreement (IGA) with Arizona State University (ASU) for a new building project in February 2018. The City and ASU subsequently entered into a lease agreement for the building in November 2018.

The proposed building will support ASU programs related to digital and sensory technology, film and media arts, user experience design, and entrepreneurial support. This project will create unique, sustainable, and architecturally significant spaces for ASU and the City.

Discussion

In September 2018, Staff received eleven “Statements of Qualifications” (SOQ) from contractors proposing to act as the CMAR for this project. Based on an evaluation of these SOQ’s and subsequent interviews, DPR Construction was recommended as the most qualified CMAR, and subsequently awarded a Pre-Construction Services contract.

During the Pre-Construction Phase, the CMAR worked closely with the project team to develop the project design, review the design for constructability, prepare cost estimates, and develop the project schedule. The last item developed during the Pre-Construction Phase is the “Guaranteed Maximum Price” (GMP) for the project.

On December 9, 2019, the City Council awarded a contract for GMP No. 2 in the amount of \$16,117,229 with a change order allowance in the amount of \$805,861.45 (5%) for a total authorization of \$16,923,090.45 to DPR Construction to begin constructing the ASU @ Mesa City Center building. GMP 2 included removal of existing improvements within the new building footprint, excavation of the building site, preparation of the building pad, foundations, and the concrete structure of the building. Separating the project into multiple GMP’s accelerated construction to meet the project’s schedule goal.

This GMP for remaining building work for ASU @ Mesa City Center is the third of a series of GMP’s relating to City Center work. The scope of work includes all remaining construction necessary to complete the ASU @ Mesa City Center building.

The table below illustrates the anticipated timeline of GMP’s for Council review.

Project	Scope of Work	Anticipated Date
City Center Utility Improvements – GMP 1	Utility work	Approved November 4, 2019
ASU Building – GMP 2	Building site demo, prep, foundations and structure	Approved December 9, 2019
ASU Building – GMP 3 (This GMP)	All remaining building construction	March 16, 2020
The Plaza – GMP 4	All new Plaza construction	Fall 2020

Once underway, construction of the ASU building is anticipated to last no more than 21 months with a Fall 2021 completion.

Alternatives

An alternative to the approval of this GMP contract for this CMAR would be to construct this project using the traditional Design/Bid/Build method. This is not recommended due to the size and complexity of the project and because a majority of the work in this project will be competitively bid by DPR Construction to multiple subcontractors.

Another alternative is to not perform the work. This is not recommended because this would hinder progress on the development of ASU in downtown Mesa and would be contrary to the IGA and associated lease between the City and ASU.

Fiscal Impact

This GMP is the second in a series of GMP’s for the ASU @ Mesa City Center building. The total budget from City sources is \$63.5 million with an additional \$10 million contributed by ASU for a total project budget of \$73.5 million. This GMP plus contingency

represents \$48,875,460.90 of the \$73.5 million total.

GMP	Scope of Work	Amount
ASU Building – GMP 2	Building site demo, prep, foundations and structure	\$16,923,090.45
ASU Building – GMP 3 (This GMP)	All remaining building construction	\$48,875,460.90
	Total	\$65,798,551.35

The total authorized amount recommended for this contract is \$48,875,460.90, based upon a GMP of \$46,548,058.00, plus an additional \$2,327,402.90 (5%) as a change order allowance. This contingency allowance will only be utilized for approved change orders.

This project is funded by the City via the Economic Investment Fund and Excise Tax Bonds with an additional \$10 million from ASU sources.

Coordinated With

The City Manager’s Office concurs with this recommendation.