



City Council Report

Date: May 21, 2012
To: City Council
Through: Kari Kent, Deputy City Manager
From: Beth Huning, City Engineer
Rob Kidder, Assistant City Engineer
Subject: 225 E. Main Street Interior Demolition and Abatement Contract
City Project CP0070
District 4

Strategic Initiatives



Purpose and Recommendation

The purpose of this report is to provide information to the Council on the Guaranteed Maximum Price (GMP #1) received for the interior demolition and asbestos abatement package for the building at 225 E. Main Street (Refer to Exhibit “A” for project location.) This project will be completed using the Construction Manager at Risk (CM@Risk) contracting method.

Staff recommends that Council award this project to the CM@Risk contractor, D. L. Withers Construction, in the amount of \$816,025.

Background

In January 2012, the City announced that Benedictine University would be coming to Mesa and would occupy the former Tri-City Community Center (225 E. Main Street), with a goal of starting classes in the Fall of 2013. The Economic Development Department is currently negotiating a fifteen-year lease agreement for 225 E. Main Street with Benedictine University. The lease agreement includes an option to buy. Design for the remodel of the building is underway.

Discussion

In February 2012, Staff received seven responsive Statements of Qualifications (SOQ) from potential contractors that were interested in being the CM@Risk for this project. Based on an evaluation of these SOQ's, and on interviews conducted with the short-listed contractors by a selection panel comprised of staff from the City of Mesa, Benedictine University, and an independent General Contractor (as required by State Law), D. L. Withers Construction was selected as the top ranked firm.

The demolition and abatement package (designated “GMP #1”) is the first GMP package presented to the Council for consideration. The project Team will continue to prepare plans and specifications for the interior and exterior remodel of the building, which Staff will bring forward to the Council as “GMP #2” for review and approval.

Alternatives

Alternatives are available for both the project and the contracting method. One alternative would be not to rehabilitate the building. This is not recommended because that would jeopardize on-going negotiations with Benedictine University. A second alternative would be to wait to award the demolition and abatement contract until the rehabilitation contract is ready for award. This is not recommended because delaying the demolition would adversely impact the scheduled completion of the project and may also impact the design of the new improvements.

An alternative relative to the contracting method is to use the traditional design/bid/build method rather than using the CM@Risk method. The CM@Risk contracting method allows the contractor to be selected based on qualifications. In addition, the CM@Risk is selected during the design process and participates in design, cost estimating, and overall project schedule development. A well-qualified contractor who is involved during the design of the project generally reduces risks and results in a higher quality project that is more likely to be completed within the desired timeframe. For these reasons, Staff recommends that the CM@Risk method be used.

Fiscal Impact

The recommended total award amount for this GMP #1 package is \$816,025, based on the CM@Risk proposal of \$741,841 plus an additional \$74,184 (10% contingency allowance for change orders). This project is funded by the Economic Investment Fund (included in the City’s Enterprise Fund).

The addition of an institution of higher learning in Downtown Mesa will bring new investment to the downtown area and is expected to foster new business growth.

Coordinated With

The Economic Development Department concurs with this recommendation.