



# City Council Report

**Date:** December 8, 2020  
**To:** City Council  
**Through:** Marc Heirshberg, Acting Deputy City Manager  
**From:** Beth Huning, City Engineer  
Marc Ahlstrom, Assistant City Engineer  
**Subject:** The Studios @ Mesa City Center (GMP No. 2)  
City Project No. CP0880  
Council District 4

## Purpose and Recommendation

The purpose of this report is to present the second Guaranteed Maximum Price (GMP) for the proposed Studios @ Mesa City Center projects. GMP No. 2 is the second GMP for the The Studios @ Mesa City Center building renovation, a Construction Manager at Risk (CMAR) project. (See Exhibit "A" for project location.)

GMP No. 2 includes procurement and installation of critical equipment, materials and other associated tasks.

Staff recommends awarding a contract for GMP No. 2 to the selected Construction Manager at Risk, Okland Construction, in the amount of \$3,419,587.00 (GMP) and authorizing a change order allowance in the amount of \$170,979.35 (5%), for a total amount of \$3,590,566.35.

## Background

In February 2018, City Council approved an Intergovernmental Agreement (IGA) with Arizona State University (ASU) for a new academic building in downtown Mesa (ASU Creative Futures Laboratory). This agreement also included provisions for ASU to assist with the programming of the vacant City-owned building located at 59 E 1st Street (Mesa's first public library). In November 2018, the City and ASU subsequently entered into a lease agreement for the new academic building. The lease agreement commits the City to the renovation of 6,000 to 12,000 square-feet of the existing 26,500 square feet into The Studios @ Mesa City Center.

Located in the heart of Downtown Mesa's Innovation District, The Studios @ Mesa City Center is being designed to provide a flexible ecosystem that will allow the collision of world-class industry leaders, budding entrepreneurs, and cutting edge academic insight to empower modern workforce development and startup pipeline to fuel the economy of today and tomorrow.

The Studios @ Mesa City Center will have a close physical and programmatic relationship with the adjacent ASU Creative Futures Laboratory. The exterior renovations, which include a new entry experience, improved day-lighting, and an exterior restroom core respect the local Historical Landmark designation, while integrating into the overall Mesa City Center development.

Authorizing this activity early will help minimize cost escalation and maintain the project budget. This approach also ensures proper procurement time to minimize the risk of delays due to deliveries of equipment and materials.

## Discussion

In March 2020, 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, Okland Construction was recommended as the most qualified CMAR and subsequently awarded a Pre-Construction Services contract. Okland has performed pre-construction services during the design development including reviewing the design for constructability, preparing cost estimates, and developing the project schedule and phasing.

Once underway, the procurement and installation work covered in this GMP is anticipated to last approximately 10 months. The remainder of the work to construct this project will begin after design is completed and continue through December 2021.

This GMP for The Studios @ Mesa City Center is the second of a series of GMP’s for the work on the building. The scope of work includes procurement as well as installation of critical equipment and materials such as steel, glass, HVAC and fire protection for the construction of the building. Additional GMP’s for the remaining building construction will be presented to City Council at a later date. The table below illustrates the anticipated timeline of GMP’s for City Council review.

<b>Project</b>	<b>Scope of Work</b>	<b>Anticipated Date</b>
The Studios – GMP 1	Building site and interior demolition	August 31, 2020
The Studios – GMP 2 (This GMP)	Early Procurement	December 2020
The Studios – GMP 3	Building construction and remodel	January 2021

## Alternatives

An alternative to the approval of this GMP contract would be to construct this project using the traditional Design/Bid/Build method. This is not recommended due to the complexity of the project. Also, all the work in this GMP has been and will continue to be competitively bid by Okland Construction to multiple subcontractors.

An additional alternative is to procure the equipment and installation with the next GMP. This approach would result in cost escalation and possible delay of delivery of materials which would delay the completion of the project.

Another alternative is to not perform the work. This is not recommended because this would hinder the further development of the downtown Innovation District 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 Studios @ Mesa City Center building. The total authorized amount recommended for this contract is \$3,590,566.35, based upon a GMP of \$3,419,587 plus an additional \$170,979.35 (5%) as a change order allowance. This allowance will only be utilized for approved change orders.

This project is funded by the Economic Investment Fund and General Fund – Capital

### **Coordinated With**

The City Manager's Office concurs with this recommendation.