



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: 51 E. Main Street Remodel for
Downtown Buildings Rehabilitation for Higher Education Re-use
City Project C10553
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) received for remodel of the building at 51 E. Main Street for the Downtown Buildings Rehabilitation for Higher Education Re-use Project. (Refer to Exhibit "A" for project location.) This project will be done 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 \$495,795.30.

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. Benedictine University also sought a site to establish a recruiting presence, beginning in late summer 2012, in advance of the start of classes. The Economic Development Department is currently negotiating a lease agreement with Benedictine University to use 51 E. Main Street as a recruitment space. The lease will be for 24 months and includes three optional one-year renewals, for a total of up to five years.

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), the panel selected D. L. Withers Construction as the top ranked firm.

Staff has prepared a contract and negotiated the GMP for the remodel of 51 E. Main Street based on subcontractor bids solicited by D. L. Withers.

Alternatives

Alternatives are available for both the project and the contracting method. One alternative would be not to remodel the building. This is not recommended because it would jeopardize on-going negotiations with Benedictine University.

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 amount for this GMP package is \$495,795.30, based on the CM@Risk proposal of \$450,723.00 plus an additional \$45,072.30 (10% contingency allowance for change orders). This project is funded by the Economic Investment Fund (included in the City's Enterprise Fund). Benedictine University will reimburse the City \$45,533.00 per the proposed lease agreement.

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

Coordinated With

The Economic Development Department concurs with this recommendation.