



# City Council Report

**Date:** September 14, 2020  
**To:** City Council  
**Through:** Kari Kent, Assistant City Manager  
**From:** Beth Huning, City Engineer  
Marc Ahlstrom, Assistant City Engineer  
**Subject:** The Studios @ Mesa City Center (**District 4**) – First Guaranteed Maximum Price (GMP No. 1)

## Purpose and Recommendation

The purpose of this report is to present the first Guaranteed Maximum Price (GMP) for the proposed Studios @ Mesa City Center projects. GMP No. 1 is the first 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. 1 includes general site demolition, complete interior demolition within the existing structure and associated tasks.

Staff recommends awarding a contract for GMP No. 1 to the selected Construction Manager at Risk, Okland Construction, in the amount of \$213,095.00 (GMP) and authorizing a change order allowance in the amount of \$21,309.50, for a total amount of \$234,404.50.

## 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-foot of the existing 26,500 sf building which will be called 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 facility will also have a close functional relationship with the adjacent ASU Creative

Futures Laboratory. The renovated building will have a complimentary aesthetic to the new ASU facility and will be designed to integrate into the overall Mesa City Center development.

Completing this demolition work early during the design phase of the project will allow the Architect and CMAR to obtain a better understanding of the existing structure and systems in the building, making the design more accurate and allowing construction progress without encountering extensive unknown conditions in the building.

## **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. During the Pre-Construction Phase, the CMAR works closely with the project team to develop the project design, review the design for constructability, prepare cost estimates, and develop the project schedule and phasing plan.

Once underway, construction for the demolition work covered in this GMP is anticipated to last approximately 2 months. The remainder of the work to construct this project will begin after design is completed and continue through December 2021.

This GMP for demolition work for The Studios @ Mesa City Center is the first of a series of GMP’s for the work on the building. The scope of work includes interior demolition, site demolition and other associated tasks. 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 (This GMP)	Building site and interior demolition	August 31, 2020
The Studios – GMP 2	Early Procurement	October 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, the majority of the work in the project will be competitively bid by Okland Construction to multiple subcontractors.

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 first in a series of GMP's for The Studios @ Mesa City Center building. The total authorized amount recommended for this contract is \$234,404.50, based upon a GMP of \$213,095.00 plus an additional \$21,309.50 (10%) as a change order allowance. This contingency allowance will only be utilized for approved change orders.

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

**Coordinated With**

The City Manager's Office concurs with this recommendation.