

TOWN OF PALM BEACH

Information for Town Council Meeting on: July 10, 2018

TO: Mayor and Town Council

VIA: Kirk W. Blouin, Town Manager

VIA: Jay Boodheshwar, Deputy Town Manager

FROM: H. Paul Brazil, P. E., Director of Public Works

RE: Award a Construction Management At Risk (CMAR) Contract to Hedrick Brothers Construction Company Inc., for the Seaview Park and Recreation Center Improvements and Establish Total Project Budget
Resolution No. 77-2018

DATE: June 26, 2018

STAFF RECOMMENDATION

Town staff recommends that Town Council approve Resolution No. 77-2018 and award a Construction Manager at Risk (CMAR) contract to Hedrick Brothers Construction Company, Inc. for the Seaview Park and Recreation Center Improvements for a Guaranteed Maximum Price (GMP) amount not to exceed \$11,602,518, establish a total project budget of \$13,795,259; and authorize the Town Manager to execute said CMAR contract.

GENERAL INFORMATION

After a series of negotiation sessions, Hedrick Brothers (HB) submitted a final Guaranteed Maximum Price (GMP) for the construction of a new Recreation Center and completion of other improvements to Seaview Park on June 25, 2018. Understanding that there were budget limitations, the GMP was developed with various strategic scope modification and reduction. Said changes have been identified as "add alternates" if the Town Council decides these items should be added back to the project.

Staff is recommending the approval of the base GMP (\$11,162,805), the acceptance of three (3) add alternates (\$439,713), as well as approval of the total project budget (\$13,795,259), which will be funded equally (1/3 each) by the Morton and Barbara Mandel Foundation, the Friends of Recreation, and the Town of Palm Beach.

The base GMP includes the demolition and reconstruction of the recreation center, the multipurpose field, playground, outdoor basketball court and various hardscape and landscape improvements. The base GMP does not include certain items and modifies the scope of certain specifications, including:

- Elimination of new tennis pavilion structure
- Elimination of new playground pavilion structure
- Elimination of tennis hitting wall structure
- Elimination of entry arch
- Elimination of tennis pro-shop renovation
- Elimination of maintenance storage building renovation
- Elimination of parking lot complete mill and repaving
- Cast in place pavers in lieu of cast stone pavers
- Stucco in lieu of cast stone walls, cladding, columns, trim and moldings
- Reduction of finishes in lobby, activity room and fitness center
- Elimination of addition contractor background screening since a portion of the field will not remain open for programs during construction

The addition of the items listed above would increase the base GMP by \$1,230,746 (split 3 ways at \$410,249 for each partner). Staff is not recommending the addition of all of these items, but does recommend the addition of the new tennis pavilion and the renovation of the tennis pro-shop and maintenance building, which would add \$439,713 to the base GMP (split 3 ways at \$146,571 for each partner). Staff feels that there is sufficient contingency in the GMP to include a canvas shaded playground pavilion, which would match the design of the playground itself, and the addition of a modern hitting wall on one of the tennis courts adjacent to the parking lot. Not only would the addition of the wall on a full size court create a better experience for practicing, it will allow the Town the ability to charge a small fee for this service, which is currently free to anyone.

The spreadsheet below provides details on the total project budget, with the GMP options described above.

	Total Budget with Final GMP	Budget with Recommended Alternates	Difference	Budget with All Alternates	Difference
Expense Descriptions					
Design Services and Related Fees [1]	\$807,224	\$807,224	\$0	\$807,224	\$0
Pre-Construction Fees [2]	\$76,142	\$76,142	\$0	\$76,142	\$0
Playground	\$385,000	\$385,000	\$0	\$385,000	\$0
Furniture, Fixtures & Equipment	\$470,000	\$470,000	\$0	\$470,000	\$0
Builder's Risk Estimate	\$80,000	\$80,000	\$0	\$80,000	\$0
Utility Connection Fees Estimate	\$20,000	\$20,000	\$0	\$20,000	\$0
Owner's Contingency	\$105,000	\$105,000	\$0	\$105,000	\$0
Construction Administration	\$249,375	\$249,375	\$0	\$249,375	\$0
Sub-Total of Costs Outside of GMP	\$2,192,741	\$2,192,741	\$0	\$2,192,741	\$0
Construction GMP (Hedrick Brothers)	\$11,162,805	\$11,602,518	\$439,713	\$12,393,551	\$1,230,746
Total Project Expenses	\$13,355,546	\$13,795,259	\$439,713	\$14,586,292	\$1,230,746

Funding Sources					
Mandel Foundation Share	\$4,451,849	\$4,598,420	\$146,571	\$4,862,097	\$410,249
Friends of Recreation Share	\$4,451,849	\$4,598,420	\$146,571	\$4,862,097	\$410,249
Town Share	\$4,451,849	\$4,598,420	\$146,571	\$4,862,097	\$410,249
Total of all Funding Sources	\$13,355,546	\$13,795,259	\$439,713	\$14,586,292	\$1,230,746

[1] Expenses were paid from a portion of the Morton & Barbara Mandel Foundation's share of the project costs.

[2] Expenses were paid from a portion of the Friends of Recreation's share of the project costs.

Recommended Add Alternates	
New tennis pavilion	\$195,980
Tennis pro-shop renovation	\$176,303
Maintenance building renovation	\$67,430
Total	\$439,713

Other Add Alternates	
Playground Pavilion	\$144,048
Tennis Hitting Wall	\$116,928
East wall connecting playground pavilion and hitting wall	\$28,816
Entry arch	\$36,255
Repave parking lot and Seaview Avenue	\$42,766
Cast stone pavers in lieu of cast in place	\$180,187
Upgrade to finish in lobby and activity room	\$24,442
Upgrade to finish in fitness center	\$17,358
Cast stone wall and moldings in lieu of stucco	\$86,764
Cast stone cladding and moldings at gym in lieu of stucco	\$52,103
Cast stone columns and trim at tennis pavilion in lieu of stucco	\$28,460
Additional security screening if field remained partially open for programs	\$32,906
Total	\$791,033

During negotiations, the project duration was reduced by one month, to maintain the desired completion date in spite of project approval being deferred to July 2018. That resulted in a decrease to the CM fee for onsite project management. Discussion of various economic and industry circumstances is mentioned in the GMP report, which resulted in project cost growth beyond that originally anticipated. Project delays due to litigation also resulted in greater costs as compared to the original cost estimate. A copy of the GMP documentation is attached and a summary of the major components of the recommended GMP is as follows:

Direct Construction "Cost of Work"	\$ 8,576,745.00
Project Management "CM Fee"	\$ 1,116,430.00
Overhead (Bonds, Insurance, etc.)	\$ 247,459.00
Contractor's Fee	\$ 789,031.00
Contingency (5%)	\$ 558,140.00
Hedrick Brother Construction (HB) Discount	\$ (125,000.00)
Base Guaranteed Maximum Price:	\$11,162,805.00
Add Alternates	\$ 439,713.00
Recommended Guaranteed Maximum Price:	\$11,602,518.00

SPECIAL CONSIDERATIONS

In an effort to minimize schedule duration and mitigate project costs, the Construction Manager (HB) has requested consideration of the following actions:

1. Early mobilization to the job site as soon as possible after project approval.
2. Review and processing of demolition permit to be completed concurrently with utility disconnections and certifications.
3. Use of the entire playing field for the duration of the project to provide better logistics and material storage/laydown for the project.
4. Prompt issuance of subcontractor permits.
5. Inspection by assigned building department (combination) inspector to provide for better scheduling, coordination and consistency.
6. Waiver/exception of working hours to allow extended work hours, from 9AM to 6PM during season (i.e. one hour longer), from 8AM to 7PM during off-season (i.e., one hour longer), and to allow Saturday work as needed from 9AM to 5PM for the duration of the project. This would also include waiver of Saturday "noisy work" constraints with 48-hour advance notice to the Building Official and Public Works Director.
7. Night, weekend, or holiday work beyond the regularly scheduled work hours stated above, which may be necessary due to emergency, delay or makeup time, shall be requested on a case-by-case basis and reviewed/approved by the Public Works Director.

It is also noted that the scope of the multi-purpose-field work includes the adjacent playing field on school district property, and an interlocal agreement is being drafted to provide right-of-entry and to accomplish that work.

PURCHASING REVIEW

The Purchasing Division served as the lead during negotiation sessions and after the four sessions, their recommendation is to award a contract to Hedrick Brothers Construction based on the resulting final GMP. This is in the Town's best interest, for a variety of reasons including but not limited to the current construction market trends (construction pricing, raw materials costs, labor costs and low unemployment rate, etc.), time and effort to pursue other procurement methods, and the escalating costs associated with any further delays. Some of the sub-contract scopes of work will be re-bid to ensure best possible competition.

The level of effort for the CMAR approach is consistent with successful past projects performed by HB, and the ratio of project management fees plus overhead and profit as compared to the total project cost, is less than their previous contracts. The Purchasing Division has reviewed this item and recommends approval.

FUNDING/FISCAL IMPACT

Through previous approvals, Town Council has agreed to fund this project in partnership with the Morton and Barbara Mandel Foundation and the Friends of Recreation, with each partner contributing 1/3 of the total project costs, up to \$5,000,000 each. The total project budget recommended is \$13,795,259, which equates to a contribution share of \$4,598,420 for each partner. Approval of Ordinance No. 10-2018 will amend the FY18 budget to provide the Town's share of the total project costs with excess funds from the Risk and Health Fund budgets.

TOWN ATTORNEY REVIEW

This resolution has been reviewed and approved by the Town Attorney for legal form and sufficiency. The Town Attorney will review the Construction Management at Risk Contract for legal form and sufficiency prior to execution by the Town Manager.

Attachments

cc: Beth Zickar, Director of Recreation
Jane Le Clainche, Director of Finance
Eric Brown, P.E., Assistant Director of Public Works
Patricia Strayer, P.E., Town Engineer
Dean Mealy, Purchasing Manager
Gene Parker, Hedrick Brothers Construction
Nelo Freijomel, Stephen Boruff & Associates
Morton & Barbara Mandel Foundation
Friends of Recreation