



May 30, 2024

Patricia Strayer, P.E.
Town of Palm Beach – Public Works Department
951 Old Okeechobee Road
West Palm Beach, FL 33401

**RE: *Town-Wide Undergrounding of Utilities Program – Phase 7 South GMP Review
Kimley-Horn Job No. 044063270***

Dear Patricia,

The Town of Palm Beach selected Burkhardt Construction as the Construction-Manager-at-Risk (CMAR) for Phase 7 South of the Town-Wide Undergrounding of Utilities Program. On May 17, 2024, Burkhardt Construction submitted a Guaranteed Maximum Price (GMP) for the project to the Town and Kimley-Horn for review.

The GMP received for Phase 7 South is \$11,442,769.58. The current Engineer's Opinion of Probable Cost for Phase 7 South is \$11,000,000. The Master Plan Opinion of Probable Cost that was updated in November 2019 included a cost opinion of \$6,300,000 for the construction elements that were anticipated to be included in the GMP for Phase 7 South.

Phase 7 South is 4% above the Engineer's opinion of cost and 82% above the Master Plan opinion of cost. The GMP for Phase 7 South was predominantly based on unit prices that were originally developed for Phase 7 North, without any adjustment. Phase 7 North was also significantly above the Master Plan opinion of cost for that phase due to it being predominantly based on unit prices that were impacted by historically significant changes in market conditions.

Kimley-Horn reviewed the Guaranteed Maximum Price for Phase 7 South to identify any abnormalities in the construction management costs, bid items, and exceptions/clarifications. The results of our review follow.

The construction management costs are generally in line with what was anticipated. General Conditions and the Construction Phase Management Fee are roughly equivalent to Phase 7 North. Profit is the same as Phase 7 North. Cost efficiencies still exist, as there is still overlap with current on-going phases.

The bid item for chicane concrete appears to have a typographical error. An extended price of \$65,000 for this item is far higher than expected and not consistent with past chicane pricing for similar installations. It is likely that the unit price of \$2,500 should be the extended price. This should be confirmed and updated by the CMAR which would lower the cost for this item by \$62,500.

We recommend that the following comments on the Exceptions & Clarifications be reviewed by Burkhardt Construction so that appropriate revisions can be made:

- General, Item 14: Revise the text to clarify that owner-obtained permits shall be in hand prior to the start of construction
- General, Item 24: Revise the text to clarify that any proposed increases shall be approved by the Town
- Franchise Utilities, Item 5: Revise the text to clarify that the subcontractor shall request materials from FPL within 14 days of execution of the FPL binding cost estimate and that ATT and Comcast materials will be furnished by the subcontractor
- Franchise Utilities, Item 9: Revise the text to clarify that additional work shall be approved by the Town
- Franchise Utilities, Item 10: Revise the text to clarify that additional work shall be approved by the Town

Other Exceptions and Clarifications contained within the GMP are consistent with previous versions of the same submitted with GMP's for earlier phases of the program. Should you have any questions or comments, please do not hesitate to contact me at (561) 840-0843.

Sincerely,
KIMLEY-HORN AND ASSOCIATES, INC.



Brett Johnson, P.E.
Project Manager

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