

ANCHORAGE SCHOOL DISTRICT  
ANCHORAGE, ALASKA

ASD MEMORANDUM #248 (2008-2009)

March 23, 2009

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: AWARD OF CONTRACT: SAND LAKE ELEMENTARY SCHOOL  
GENERAL CONTRACTOR/CONSTRUCTION MANAGER  
(GC/GM) CONSTRUCTION SERVICES

*ASD Goal: Establish and maintain a supportive and effective learning environment by providing safe, caring, barrier-free schools. Ensure public accountability through effective consultation with community to ensure wise use of financial resources and responsible construction and maintenance of facilities, and effective communication with students, staff, parents, community and government at all levels.*

RECOMMENDATION:

It is the Administration's recommendation the School Board approve and authorize the Superintendent to award a guaranteed maximum price (GMP) contract for the construction of the Sand Lake Elementary School project to Davis Constructors and Engineers, Inc. in the amount of \$17,000,000.

PERTINENT FACTS:

In April 2003, voters approved bond funding of \$750,000 for Sand Lake Elementary School Design (ASD Memorandum #133 (2002-2003)). In April 2008, voters approved bond funding for the remaining design and construction of the project in the amount of \$17,500,000 (ASD Memorandum #135 (2007-2008)). During the course of design the school board approved reallocation of funds to supplement the construction budget (ASD Memorandum #87 (2008-2009)). The additional \$3,800,000 results in a total amount of \$22,050,000 for the Sand Lake Elementary School project.

The school board approved selection of Krochina Architects as the Architect of Record on October 14, 2002, ASD Memorandum #76 (2002-2003) and the Municipal Assembly approved the selection on October 15, 2002 (AR #2002-308). On August 1, 2007 Krochina Architects merged with Porath Tatom Architects to become the legal entity of Nvision Architecture, Inc. Krochina Architects

assigned its contractual interest on this project to Nvision with Patrick Krochina continuing as the Principal-in-charge.

The use of the General Contractor/Construction Manager (GC/CM) delivery method for the Sand Lake Elementary School Project was approved by the school board on April 14, 2008 in ASD Memorandum #271 (2007-2008) and by the Alaska Department of Education and Early Development on April 25, 2008.

On June 23, 2008 in ASD Memorandum #331 (2007-2008), the school board approved the selection of Davis Constructors and Engineers, Inc. as the GC/CM for the project and authorized the Superintendent to enter into a contract for pre-construction services. The pre-construction services, which are still in process, consist of reviewing the design documents, preparing construction estimates, performing value engineering and life cycle costing, developing construction schedules, evaluating alternative designs, analyzing construction methods, and performing constructability reviews.

The district received from Davis a preliminary guaranteed maximum price (GMP), with detailed construction cost estimates, and the estimate from Nvision's estimator HMS, Inc on the Design Development Documents (DD). With the assistance of Dokoozian & Associates, Inc., a project management and construction consulting firm, the construction estimates were evaluated line by line, item by item with Davis, HMS, Nvision, and the district's facility staff. During the course of this evaluation any inconsistencies were identified, discussed and eliminated and at the completion of the evaluation it was determined that both cost estimates were based on the same scope of work. At the completion of this effort the revised Davis GMP was \$19,091,263 and the revised HMS estimate was \$18,269,072. Dokoozian & Associates, Inc. concluded that the preliminary GMP from Davis was representative of the cost to construct the project.

Both the preliminary GMP from Davis and the design cost estimate from Nvision exceeded the budgeted construction funding available for this project. The project has seen increased costs from the schematic design (SD) estimates to the DD estimates. These increased costs are primarily due to:

- 1) The increased costs to develop the projects parking, drop-off and bus loop areas next to Jewel Lake Rd. At SD, the project team believed that the majority of the existing parking lot could be reused with only minor modifications which substantially reduced costs. Unfortunately, as the design was developed further and the storm water management design solutions were identified, the design required a total reconstruction of the areas and the anticipated savings were lost.

- 2) The newly adopted energy code increased the cost of the building exterior walls and limited design and cost reduction options. Even with the initial higher costs long term energy cost benefits will be obtained.
- 3) The costs and complexity required to phase the construction, work safely around and maintain a quality instructional environment was underestimated at SD.

Due to these increases and in order to bring the GMP within available funding, the contractor, designer and the district went through a concerted effort to identify and estimate potential reductions and items that could be deferred for inclusion at a later date.

Davis provided a final GMP to construct the project, in the amount of \$17,000,000. The revised GMP was achieved by value engineering and identifying a list of those items that could be deferred. A list of the deferred items is included as Attachment A, they are distinct work items and their removal does not affect the building structure or require any redesign and are not listed in any order of priority.

The GC/CM firm guarantees the construction costs to the owner will not exceed the GMP, and the owner will only pay the actual costs to construct the project. If the actual completed project cost is less than the GMP, the owner retains all the savings. The GMP price is the direct cost of the work with a markup for GC/CM overhead and profit. These direct costs are determined through a competitive subcontractor bidding process. The General Contractor's markup percentage was established as part of the competitive GC/CM selection process for this project. The GMP does not include any costs for project scope that is not in the current design. Changes in the scope would result in either an increase or decrease in the GMP depending on the nature of the change.

The GC/CM method of construction delivery maintains the responsibility for the completeness and adequacy of the design documents with the designer, Nvision, and the district. Therefore, the GC/CM firm is not responsible for any owner initiated changes, differing site conditions, permitting, or design deficiencies that add cost to the project. However, the designer and the district have received significant input from the GC/CM firm during the pre-construction services to assist in mitigating these potential future cost issues.

The GMP is based on starting the spring of 2009 with a project completion by the fall of 2010.

The recommended GMP of \$17,000,000 exceeds the \$16,300,000 budgeted amount for construction. With a refined project scope and detailed cost estimates, funding within the existing budget can be reallocated for construction from within the project account. Original budgeted amounts for permits/fees, engineering/testing, construction contingency, utilities and project support have been reduced through the evolution and further refinement of the project. The funding for this construction cost adjustment is available within existing project funds. The project team will continue to seek additional savings which could permit incorporation of the deferred items into the project.

### BUDGET SUMMARY

Design		\$ 2,122,782
Construction		17,000,000
Construction Contingency		250,564
Other Project Costs		<u>2,676,654</u>
	Total Project Funding	<u>\$22,050,000</u>

### CERTIFICATION OF FUNDS:

#### Funds Description:

- (03) Capital Project Funds
- (00312001) Bond 2003 Proposition 9
- (00312701) Bond 2008 Proposition 2
- (00321501) 2000B Interest Earnings
- (00321601) 2001A Interest Earnings
- (00321701) 2002 Interest Earnings
- (3120009) B03 Prop9 Districtwide Mechanical Upgrades
- (3127350) B08 Prop3 Sand Lake Elementary School Addition/Renewal
- (3215350) Int00B Unrestricted Sand Lake Addition/Renewal
- (3216350) Int01A Unrestricted Sand Lake Addition/Renewal
- (3217010) Int02 Unrestricted
- (5200) Contracts

<u>Fund Source</u>	<u>Fund</u>	<u>Funding Source</u>	<u>Funding Control</u>	<u>Account Code</u>	<u>Amount</u>
Sand Lake Elementary School	03	00312001	3120009	35036-5200	\$ 800,000
Sand Lake Elementary School	03	00312701	3127350	35040-5200	14,609,062
Sand Lake Elementary School	03	00321501	3215350	35044-5200	1,152,139
Sand Lake Elementary School	03	00321601	3216350	35045-5200	250,581

Sand Lake Elementary School	03	00321701	3217010	35046-5200	<u>188,218</u>
				Total:	<u>\$17,000,000</u>

CC/GV/RA/PC/JA/MP/EK/jg

Attachment A: Deferred Scope

Prepared by: Edie Knapp, Project Manager  
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Jan Anderson, Contracting Coordinator  
Pamela K. Chenier, Director of Purchasing/Warehouse  
Ray Amsden, Director of Facilities

Approved by: George Vakalis, Assistant Superintendent of Support Services

SAND LAKE ELEMENTARY SCHOOL  
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Deferred Scope

- 1 Site Amenities, including benches, bike racks, etc
- 2 Reduce landscape warranty from 2 years to 1 year
- 3 Bus turnaround loop - gravel instead of asphalt
- 4 Asphalt sidewalks instead of concrete
- 5 Shredded rubber play ground surfacing
- 6 Replacement of existing gym roof
- 7 Interior renovation of existing gym including new door to storage
- 8 Sound systems in gym and MPR (including platform lighting in MPR)
- 9 Wall and acoustical protection in the MPR
- 10 Athletic equipment in MPR
- 11 New kitchen equipment
- 12 Residential Appliances
- 13 New operable partitions in existing classrooms
- 14 Renovation to 1985 wing
- 15 20% Reduction in Casework
- 16 Markerboards, tackboards, etc.
- 17 Window treatments
- 18 Security CCTV