

ANCHORAGE SCHOOL DISTRICT  
ANCHORAGE, ALASKA

MEMORANDUM #134 (2002-2003)

December 9, 2002

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: RECOMMENDATION FOR NEW EAGLE RIVER AREA HIGH  
SCHOOL CONSTRUCTION DELIVERY METHOD

RECOMMENDATION:

It is the Administration's recommendation that the School Board authorize the Superintendent to utilize the General Contractor/Construction Manager (GC/CM) project delivery method for the New Eagle River Area High School.

PERTINENT FACTS:

The Administration has reviewed the alternatives available and has concluded that the GC/CM method would provide significant benefits to the New Eagle River Area High School project. Authorization to proceed with the GC/CM method would result in a decrease of construction cost and earlier delivery of the completed school building.

School Board Policy 725.213 allows for the use of alternative acquisition techniques when in the best interest of the District. Specifically, paragraph 725.213.c. authorizes the use of the GC/CM process. In this method, the General Contractor is selected during the design process in order to provide pre-construction services. The selection process would be via a Request for Proposal (RFP) with cost as one of the evaluation factors. In 1999, a work session was held to discuss these types of construction alternatives with construction professionals. Members of the Design, Construction, and Project Management communities advised the District to take advantage of expertise within the community to assist in the use of these methods. The District is proposing to hire the services of a third party to assist in the preparation of the GC/CM Request for Proposal and in the evaluation of proposals.

The GC/CM provides pre-construction services such as value engineering, constructability review, schedule preparation and cost estimating. By procuring

these services during the design, we maximize the opportunities for cost savings and verify the cost of construction earlier in the process. The General Contractor reviews the design at each stage, offering comments regarding constructability issues and cost reduction opportunities. The General Contractor also provides a cost estimate at each design phase, which allows the School District to better verify the actual cost of construction. The design scope can be adjusted as needed during the design providing cost saving during the design process rather than waiting for the sometimes unpredictable results on bid day.

We face construction cost challenges due to the anticipated escalation of statewide construction costs. With \$464 million in statewide school/road construction and in excess of \$400 million in Military Construction over the next few years, construction prices will rise significantly. In addition, competition for contractors will increase. It is becoming clear that the Alaska construction market is going to exceed the available contractor resources in the next few years. Using an alternative that locks in a General Contractor this year is important to the project's success.

The use of the GC/CM method will decrease construction costs in two ways. In the typical design-bid-build process, the design is completed before the General Contractor looks at it to prepare bids. In some cases, the General Contractor may have cost reduction ideas that cannot be incorporated due to associated need for redesign or schedule constraints. The ability to incorporate this input during the design phase will allow the District to take advantage of these cost reductions.

In addition, by selecting the General Contractor early in the process, the on site construction work can start sooner. As the design is completed, the General Contractor can start the construction planning and scheduling. Starting the construction in 2003 versus 2004 will reduce construction escalation costs and deliver a completed school one academic year earlier, for use by September 2005.

In summary, use of the GC/CM method for the New Eagle River Area High School project will result in a reduction in construction costs and delivery of the school one year earlier.

CC/GV/RA/MP/KV/sl

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