

	<div style="text-align: center;">AGENDA ITEM SUMMARY</div> <div style="border: 1px dashed purple; padding: 5px; float: right; margin-top: 10px;"> District Impacted <input type="checkbox"/> 1 = Wolosin <input type="checkbox"/> 2 = Woolard <input type="checkbox"/> 3 = Scott <input type="checkbox"/> 4 = Vacant <input type="checkbox"/> 5 = Macaluso <input checked="" type="checkbox"/> All </div>
AGENDA DATE	<i>September 11, 2020</i>
DESCRIPTION	CONSIDER RESOLUTION NO. 2020-R69; A RESOLUTION ACCEPTING THE SETTLEMENT LETTER OF LEE LEWIS CONSTRUCTION, INC. AS THE FINAL SETTLEMENT AGREEMENT AND APPROVING THE FINAL CHANGE ORDER AND AUTHORIZING EXPENDITURES RELATED THERETO FOR FINAL PAYMENT FOR WORK ON THE NEW CITY HALL. <i>(Approving final payment for construction of New City Hall)</i>
STAFF'S RECOMMENDED ACTION (be specific)	Approve Resolution No. 2020-R69; accepting the settlement letter of Lee Lewis Construction Inc. as the final settlement agreement and approve the final change order and authorize expenditures related thereto for final payment in the amount of \$65,405.50.
CONTACT PERSON	Michael Mann – Utilities Director
SUMMARY	<p>With ongoing completion of final items on the construction punch list, it is time to close-out the City Hall construction contract. Warranty items will still be addressed as needed.</p> <p>The architect chosen by the City for this project, using a qualifications and experience review process, was Randall Scott Architects (Scott). Scott hired subconsultants for the various portions of the design beyond basic architecture (including Civil Engineers, Mechanical Engineers, Landscape Architects, furniture/fixture designers, etc.) as part of their service. The City selected Dean Consulting Group (Dean) as its project management and construction inspection consultant. Various City Staff members participated in the project management activities on an as-needed basis - some of them just about daily. Our contactor is Lee Lewis Construction (Lewis).</p> <p>The GMP negotiations were conducted with input from Lewis, Scott, Dean and several members of City Staff. Ultimately, a GMP price of \$18,765,609.00 was negotiated for the elements to be constructed or provided by Lewis per the scope of the design documents. That amount included contingency of about one percent (\$185,533.00) for the Lewis' exclusive discretionary use on a scope of permitted uses (the Contractor Contingency). That scope included allocations related to "further development of the plans". The GMP also included funds for City directed changes (the Owner Contingency) to the original scope of the project in the amount of \$199,792.00.</p> <p>It was discussed during the GMP negotiation process that the industry</p>

standard Contractor Contingency is typically higher in this type of construction. Scott has opined that the standard amount is more usually in the range of three to five percent of the total project cost. Dean has advised that it is usually about two percent. But the City ultimately decided to fund only the one percent amount.

As construction progressed, the contractor used his discretionary funding account as allowed, and much of this included completion or finalization of the construction documents after delivery of the "100%" design documents. The contractor also used this funding for other allowable expenditures as provided in the contract.

Changes to the original project directed by the owner (City) also occurred. These changes included minor floor plan modifications, IT allowance overruns, sitework changes, etc. The construction contract specifically requires the City to pay for these types of changes to scope.

At the completion of the work, Lewis presented the City with a list of claims for work beyond the original project scope, as contemplated by the guaranteed maximum price, amounting to a total additional cost of \$219,351.

After several meetings and discussions, held both in-person and virtually, we arrived at a mutually agreeable number of valid claims to the two contingency funds amounting to \$130,811 above the original allowances. In the final numbers, the expenditures classified under the Owner Contingency were slightly less than the total original allowance. Most of the excess claim amount remained as overage on the allowable Contractor Contingency amount. The contractor justified his request for additional money based primarily on his assertion that the other design document changes after the negotiation of the GMP were excessive and/or unfair.

The construction contract is clear that the GMP price is all the City is responsible for paying. However, after investigating the contractor's provided rationale for the extra charges (including excessive design document changes in the contractor's opinion) and input from Dean that the industry standard Contractor Contingency is usually two-percent or more, we agree that it would be fair to reimburse the contractor a bit more for his required additional work.

Staff's proposal to the contractor, considering the contractual language and the somewhat late delivery of the substantially completed project, was for us to split that amount 50/50. This means that the City would owe a negotiated amount of \$65,405.50, down

	<p>from the original claim overage amount of \$219,351.00.</p> <p>Staff recommends that the Council authorize payment of this additional amount. The basis of this is to bring these matters to a mutually agreeable solution to finalize the project. In terms of financial value, the Staff time to continue deliberating these issues or even the additional time/consultant cost that would likely have been needed in design/construction (hindsight) to eliminate this additional cost would likely be greater.</p> <p>Again, if the GMP had included the lowest estimate of industry standard Contractor Contingency (two percent), the GMP would have been approximately \$180,000 greater than it was. So, a negotiated additional cost of about \$65,000 (0.35 percent) greater than the GMP seems reasonable.</p>
COST	\$65,405.50
SOURCE OF FUNDS	Fund Balance
ADDITIONAL INFORMATION	

This summary is not meant to be all inclusive. Supporting documentation is attached.