

Building Excellence II Levy Oversight Committee
Meeting Notes, May 14, 2004
Stanford Center, Room 2765, 7:30a - 9:30a

ATTENDANCE:

Members Present

David Hudd
Joey Ing
Ron Jelaco
Jay Keiper
Karin Nyrop
Ed Peters
Jim Travis

District Staff

Gary Baldasari
Don Gillmore
Julie Krick
Nan Stavshoj
John Vacchiery

Heery International Staff

Charlie Demming
Ian Kell
Donald King
Ralph Rohwer
Mitch Romero

School Board Directors

Mary Bass
Sally Soriano

Visitors

Chris Jackins
Mark Melroy

Presentators

BCRA Architects, Maple design
Bob Katica
Scott Shaw

Hoffman Construction Company
Trevor Thies
Doug Winn

APPROVAL OF APRIL 9, 2004 MEETING NOTES

- Meeting notes for the April 9 meeting are approved.

MAPLE ELEMENTARY SCHEMATIC DESIGN – Don Gillmore and BCRA Architects

- A schematic design handout was distributed.
- The SDT goal is to maintain the existing open concept and maintain core classrooms in main building. Cafetorium, specialty classes, and childcare center will be in the addition. Spaces have been designed with flexibility so that programs can change as needed.

Discussion comments

- Indicators show that steel prices may level off but won't go down. On a small project steel prices can be a significant part of the project. There are some alternatives to steel that would be possible.
- The project is 2% over budget at schematic design; with the alternates the project could be 5% under budget, which is the goal. Some variables are; work in the existing building which may be scaled back; providing some acoustical separation between teaching pods and the library; and scaling back the roof of the existing gym.

COMMENTS ON BID RESULTS FOR BEACON HILL (handout)

- Bids were opened in mid-April and were over budget by 20%.
- The three low bidders are all repeat bidders. They stated in follow-up interviews that the project was very complicated for a small project. Some areas of concern are: water work and having to work with SDOT; hazardous soils removal; concrete road replacement; an addition that is attached; and a small site with very little laydown area. In addition, contractors were concerned about students being on site, and subcontractor coverage was not good.
- Three other school districts were also surveyed that had bids opening at the same time. One school district had projects bid 8% – 14% percent over budget. Rural school districts surveyed had projects bidding within budget.
- The general contractors that bid on this type of work are a very thin cross section of the general contracting community.

- The Beacon Hill project work has been re-packaged into smaller packages to make it more manageable and attractive. The complicated work is being bid independently to reduce the risk. The District Facilities department bids BTA (a capital levy) work in the range of \$1M and those bids seem to come in within budget. This was another reason that is seemed appropriate to rearrange the work into smaller packages.
- The repackaging of the bids won't save 20% but it is hoped this approach will reduce the overage to 10% or less. It was known that the project would be over budget. If the repackaged bids come in way over budget then the project would have to be redesigned.
- The redesign costs are the architect's responsibility if over 5%.
- The main schedule impact is that the footings will now be done in the fall while school is in session. They were originally scheduled in mid-August after hazardous soil removal. The project will still finish on time because flexibility had already been built into the schedule. Weather in the fall is more problematic and contracts will include footing trench material which will increase the cost. The group did consider a separate footings contract.
- Repackaging will result in multiple generals. The fire sprinkler and duct work will be done in the existing building at the same time with different general contractors. The project team is working on scheduling so that these generals don't impact each other. A project manager will be assigned to be onsite to work through any problems.
- It was determined that negotiating with the original bidders to bring the cost down would not be effective. Some of the work is being redesigned, and some of the bid numbers are too complicated to negotiate. In addition, our best bid results are usually January and February and in the early fall, not at this time of year.

COMMENTS ON BID RESULTS FROM WING LUKE

- There were four bidders and the bids were 8% over. The bid spread was a lot tighter than Beacon Hill.
- The budget overrun was due to price increases in the last 60 days on steel, plywood, and OSB (oriented strand board) products. This project has a lot of steel and a lot of concrete. The general contractor, CSI, is value engineering the project and is within \$35,000 of the budget with \$250,000 in cost reduction ideas. We have worked with them before and they do a good job.
- The school wants an additive alternate that may not be possible; a door in the gym wall. Heery recommends that the steel is purchased for that work now. There may be an RCW that allows the District to negotiate with the low bidder if within a certain percentage of the budget. A deductive change order would be provided to cover the cost after the contract is signed.
- The motivation of the low bidder to negotiate before a contract is signed is that if its rebid there is no guarantee that they would be low bidder again. Rebids are usually with a different scope of work. There is also a lack of competition for rebids because the contractors' numbers have been exposed.
- Both Beacon Hill and Wing Luke were costed in November of 2000 and priced up 4% per year.

PROJECT COST SCENARIOS

- The forecasts for both Beacon Hill and Wing Luke remain the same because a “pessimistic” approach is used. The projections are pessimistic because of the risk management aspects of construction.
- The difference between optimistic and pessimistic scenarios on Beacon Hill is the haz mat bid and the fire sprinkler bid. The odds are that the City will share the water line costs as estimated.
- Adjustments are made to cost scenarios based on current conditions.
- There are two projects that are projected to return funds to the ending fund balance, Madison and Brighton.
- Garfield projection is only a placeholder for one of the historic renovation projects to potentially run over budget. We do not think at this time Garfield will be over budget.

GCCM FROM THE GENERAL CONTRACTOR’S VIEWPOINT, DOUG WINN, HOFFMAN CONSTRUCTION (power point presentation)

Doug Winn presented the general contractor’s view of the GCCM (general contractor construction manager) process. He has been in the business since 1973 and is a licensed architect.

Discussion comments

- GCCM crosses over design and traditional construction and provides an opportunity for the owner, designer, and the contracting community to address problems through a collaborative process. It provides the architect with good data to make design decisions and provides the general contractor with a well written contract. It is important to have GCCMs that understand architects and engineers and can collaborate for the owner’s success.
- The contingency takes care of what “you don’t know you don’t know”.
- Hoffman came into the Roosevelt project a bit late and had to learn the District process. Roosevelt was quantified and dollars were identified. Hoffman’s first evaluation was that the project would cost more. Roosevelt pricing was done on square footage from other schools bid earlier and the current market was different. Because of the GCCM process this problem was identified early.
- GCCM provides the opportunity to design bid packages to get the best price and best sequence. It is crucial to keep to the schedule and follow it otherwise subcontractor change orders will be generated and will cost the District money.
- The GCCM is a more natural approach to construction. The builder is working with the designer. This is the way that construction used to be done. The low-bid process is relatively new. GCCM began to demand that designers and builders work together. The State process started about five years ago and is maturing.
- The GCCM selection process is relatively traditional, using the RFP (request for proposal) process. In the District there is bidding of general conditions. Sometimes early on in the project there is not enough information to identify all the costs. Until the details are known the savings opportunities are invisible.
- The fee is a huge determinant of which GCCM firm is selected. There is a difference in GCCMs and so, for example, there is pressure on Hoffman to reduce their overhead (i.e., not provide some services) in order to compete with GCCMs that don’t offer the same services.
- Hoffman manages the subs by publishing the sub contract in the bid documents so that subs understand their role. The scope is written in the bid contracts. In GCCM the subs have to breakdown and define their numbers on scope. Scope, schedule, and contract are addressed in the bid process. There is also a dispute process in the sub contract.

- The project schedule identifies each sub and its schedule on a daily basis so that all know where they are in relation to the project. As problems are addressed, RFIs (request for information) are issued and solutions are sought in a timely fashion.
- The Johnson case is raising issues of “notice” with subs. It is anticipated that the subs will begin “noticing” everything. The general contractor then has to notice the owner while the problem is being resolved. (The Johnson ruling is a court decision in Washington that upheld the provisions of the general contractor to provide timely notice of changes in the work to the owner. It also applies to the subcontractors.)

NEXT AGENDA

- Items from the Board
- Tours of construction sites

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