



	Approved	Denied
Action taken	9/9/02	
Other:		
Verified by:	<i>K. Smithers</i>	

WASILLA CITY COUNCIL MEMORANDUM

CM No. 02-46

TITLE: Multi-Use Sports Complex, Contract Amendment to Kumin Associates, Inc., for Design Services In The Amount of \$456,026 .

COUNCIL MEETING DATE: September 9, 2002

ADMINISTRATION INITIAL: *SP*

REQUESTED BY: Council Member Noel Lowe

PREPARED BY: K. Smithers, City Clerk

Date Prepared: August 30, 2002

FISCAL IMPACT: YES

If yes, amount requested: \$456,026

Account No.: 11-55-475-831-12

SUMMARY STATEMENT:

On August 11, the council defeated CM No. 02-41. I am asking that the council look at this concept once again and take the attached information from Kumin Associates, Inc. into consideration. As the attached memo states, moving to a "Team-Build" model will expedite the project completion by as much as 6 months and may save as much as \$500,000 to \$750,000 for this project.

The current contract with Kumin Associates, Inc. (KAI) is in the amount of \$436,500 to provide 40 percent design services for a design-build bid package. The administration has been consulting with KAI in design build options that will meet the project requirements. The administration is proposing a "team-build" type of design build delivery system that allows KAI to perform all of the design services for the project and advertise for a contractor prior to a 40 percent design. This will keep the project to on schedule and allow the contractor to assist in the design early in the process. The administration believes that this will provide a quality project within budget and on schedule.

TEAM-BUILD DELIVERY SYSTEM

Team-Build is a Design-Build variation that eliminates the need for a 40 percent design package that is bid on by a contractor/architect team, where many of the design elements need to be revisited by the new design team after the contract is awarded. This saves time in eliminating the preparation and response to a detailed 40 percent

bid package, and it saves time after the contract award by not revisiting the design elements.

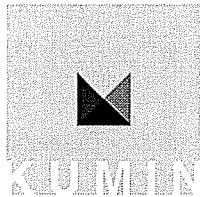
Having one design team will provide continuity throughout the project with the contractor involved near the start of the design process, not after 40 percent. The contractor is able to provide real-time cost estimating early in the design that allows the City more flexibility in bringing the project in on budget.

The contractor will be selected based on a combination of price and qualifications, as proposed under the 40 percent design selection process. However, the contractor is not required to team up with a second architectural or engineering firm to make a proposal.

The City attorney has confirmed that this design-build option conforms to the Wasilla Municipal Code. The administration believes that this option and contract amendment is in the best interest of the City, and it will provide the highest quality project with the given budget.

COUNCIL MEMBER RECOMMENDED ACTION: Council is requested to authorize the contract amendment in the Amount of \$456,026.

Attachments: Memo Dated August 26, 2002 from Kumin Associates, Inc. on
 "Team Build: Project Delivery"



ASSOCIATES, INC
ARCHITECTS | PLANNERS | INTERIOR DESIGNERS

August 26, 2002

Wasilla Multi-Use Sports Complex “Team-Build” Project Delivery

Project No. 20221

“TEAM-BUILD” PROJECT DELIVERY

A Design-Build project typically begins with the Owner (City of Wasilla) contracting with a design firm to prepare basic specifications of quality and function to accurately describe the desired project and its needs. The Owner uses this basic design information (the 40% design package, in this case) to select a Design-Build team. One overall contract is executed, typically between the general contractor and the Owner. The general contractor then hires another design firm as a subcontractor. Together the group proceeds to complete design and construction of the project. It is important to note that this method involves two separate design firms – the first under exclusive contract with the Owner, and the second working directly for the general contractor.

In the “Team-Build” variation of Design-Build project delivery, the Owner proceeds in the same manner as described above up to the point of general contractor selection. At that point the design firm originally selected to outline the project scope and quality remains under direct contract to the Owner, but is assigned to work with the selected general contractor to complete the project. This avoids the need for a second design firm and creates a “team” comprised of the Owner, Design Team, and General Contractor. Each contributes their expertise to the project during the actual design effort, to ensure the project’s needs are delivered in a cost effective and timely manner. Maintaining separate contracts with the design team and general contractors affords the Owner a necessary level of “checks and balances” along the way.

Key advantages of the “Team-Build” variation are:

- Bringing the contractor into the project early saves time – long lead items and certain site activities can be addressed before final documents are completed.
- Having the design team under separate contract offers the Owner more control and input than the standard Design-Build method. The same design team that helped the Owner develop the facility program, standards of performance, and level of quality for the project also works with the general contractor to implement those goals. Any adjustments made necessary along the way can only occur with input and approval of the Owner.
- Involving the general contractor early in the design development process allows for analysis and value engineering recommendations at an appropriate time to implement those benefits, reducing the likelihood of costly change orders later on.

Cost Control

It is a misconception to think that either of these delivery methods (“Team-Build” or “Design-Build”) will lower total project costs. Total project cost is fixed as a consequence of market values for design and construction activities, as set by desired levels of project scope and quality. These, in turn, are obviously limited by available funds of the bond issue approved by Wasilla voters. The goals are to better *balance* and *control* these costs, channeling project funding into the completed facility to the greatest extent possible. Every dollar efficiently

saved in design or construction inefficiencies, scheduling, or administrative costs, results in additional benefit to the facility – either through an increase in building area, physical amenities provided, increased quality levels, or a combination. “Team-Build” offers the best means of balancing these concerns, with the cost efficiencies going back into the facility.

While it is difficult to precisely estimate the cost impact of these inefficiencies, we feel they will fall within the range of \$500,000 to \$750,000 for this project (about 4.5% of anticipated construction cost). Factors contributing to this estimate include:

- **Increased Design Fees:** Design fees increase when two design firms are contracted, due to duplication of insurance and other overhead costs, inefficiencies of the “learning curve” for the second team, and the potential for differing design philosophies to result in excessive redesign, conflicts, delays, and associated cost impacts.
- **Separate Contracts:** Maintaining separate contracts with the design team and the general contractor keeps each entity focused on the best needs of the project. Traditional Design-Build arrangements often place undue pressure on the general contractor to protect his profit interest by focusing on final cost exclusively - rather than attempting to balance scope and quality. When each party is contracted separately with the Owner, the inherent level of “checks and balances” created results in more project funding going directly into the facility.
- **Reduced Conflicts, Change Orders, and Claims:** Change orders cannot be avoided in any construction project, since unforeseeable conditions or scope changes inevitably occur. The bigger risk in this area, however, lies in contractors claiming additional compensation due to incomplete design information, differing interpretations of project requirements, and delays resulting from the process of resolving these issues. Under “Team-Build”, each entity is a key stakeholder in all phases of project design and construction, reducing the likelihood of confusion, misunderstanding, and misinterpretation.
- **Schedule:** Moving to a “Team-Build” model will expedite project completion by as much as 6 months. With the general contractor involved during the design development effort, key long-lead items and certain site activities can be addressed before documents are finalized. This saves considerable time, which in turn can reduce costs significantly. (For example, we routinely provide interim cost estimates for projects scheduled for bidding 3-6 months later. Given our current construction climate, escalation factors as high as 3% have been applied to such cases. Completing a project early has the reverse impact to a general contractor.)

PREVIOUS “TEAM-BUILD” PROJECT EXPERIENCE

The following examples represent “Team-Build” delivery approaches used by KAI on a wide variety of project types. Clients range from private entities (with private funding) to public agencies and departments with strict limitations on the use of public funds. Each example maintained contractual separation, with the Owner entering into separate agreements with KAI and the Contractor.

Southcentral Foundation - Dental / Optometry / Behavioral Health Clinic:

Design is currently being completed for this 55,000 square foot medical office building in Anchorage. A “Team-Build” approach was selected due to tight timeframes and the success of our previously completed Pathway Home project for the same client. The Contractor selection process was similar to the earlier project, but resulted in a different firm being selected.

Contractor: Neeser Construction – Gary Donnelly (907) 276-1058
Reference: Kevin Gottlieb – Southcentral Foundation (907) 729-4955

Southcentral Foundation – Pathway Home:

This 27,000 square foot facility serves adolescents who are unable to remain successful in other alternative high school settings. A maximum of 36 students are housed at the facility, in a 3-suite configuration. The “Team-Build” approach permitted design and construction to be accomplished in under 15 months, including a very detailed review and approval by various state health agencies.

Contractor: Roger Hickel Contracting – Roger Hickel (907) 279-1400
Reference: Kevin Gottlieb – Southcentral Foundation (907) 729-4955

Cook Inlet Region Inc. - Talkeetna Alaskan Lodge:

This “Team-Build” project is a prime example of successful balance of project scope, quality, and budget. It is an award-winning project developed at under \$130 per square foot – extremely competitive pricing for hotel design. The main lodge and out-buildings were designed and constructed in under 13 months. The project met marketing expectations immediately upon completion, resulting in two subsequent expansion projects utilizing the same “Team-Build” approach and team members.

Contractor: Howdie, Inc. – Howard Nugent (907) 376-4711
Reference: Dennis Brandon – CIRI (907) 274-8638

Fort Yukon Replacement School:

A “Team-Build” approach was selected for this project after a devastating fire destroyed the original school facility. The 30,000 square foot replacement school was designed and constructed in less than 13 months from the date of the fire. Continuous value engineering on the part of the Contractor resulted in cost savings that permitted the Owner to incorporate an integrated technology plan throughout the school – an element not present in the original facility or covered by insurance funding reimbursement.

Contractor: Wick Constructors – Guy McVey (907) 474-0681
Reference: Sampson Peters - Yukon Flats School Dist. (907) 662-2515



Manokotak School:

The client approached KAI directly for this project after being told by others that the desired schedule was unattainable. Faced with the possibility of losing legislature-approved project funding, KAI suggested a “Team-Build” approach to keep the project on schedule. The 36,000 square foot building was designed and constructed in less than 14 months – including formal milestone reviews by the State of Alaska Department of Education. The schedule was so tight that two separate construction contracts were issued – one to expedite necessary site work, and the other to construct the facility itself. Both were orchestrated as “Team-Build” efforts, and both were awarded in compliance with state requirements for competitive contractor selection.

Contractor: Gaston & Associates – Cal Myrick (907) 276-1058
Reference: Henry Versnick – SW Regions School Dist. (907) 842-5287

Other Contacts:

Several other contractors have discussed this project with KAI and other members of the design team. Most agree the “Team-Build” approach makes sense in this case as a cleaner, more efficient means of delivering the sports complex. Collins Construction, for example, contacted our mechanical & electrical consultant (HZA) after recent articles in the Frontiersman. While we have never completed a “Team-Build” project with Collins Construction, they apparently support our “Team-Build” recommendation for this project. A contact for Collins Construction follows.

Contractor: Collins Construction – Greg Waisanen (907) 376-8299