

1. Yorktown Construction Contract

Meeting: 01/22/2009 School Board Meeting - 7:30 p.m.
Category: E. Action Items
Agenda Action
Type:

Agenda Item Content

Initiated by: Clarence E. Stukes

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Explanation of Subject/Issue:

On January 14, 2009, sealed bids were opened for the General Construction contract for the next phase of the reconstruction of Yorktown High School. A total of eight firms had been pre-qualified and, of those, five firms submitted base bids as follows:

Hess \$64,700,000
Grunley 66,745,000
Bovis 68,275,128
Davis 68,685,000
Shockey 75,300,000

The most recent cost estimate staff prepared prior to going out to bid for the general construction contract was \$93,800,000. As we previously reported, our research indicated that in the current economic climate, we could expect a bid significantly under this estimate, possibly by as much as 20% or more. The actual low bid we received from Hess Construction is approximately 31% under our estimate. While such a low bid might otherwise cause concern, the relatively tight grouping of the five bids indicates a consistent analysis and approach to the project by all five firms.

Almost all of the 19 Alternates that were bid with the project were Deduct Alternates intended to give us some flexibility to bring the project in on budget should that be necessary. Obviously, none of those is recommended. With respect to Add Alternates, we suggest accepting only one, an addition of \$6,000 for empty conduit to facilitate the potential future lighting of the tennis courts. This is consistent with our agreement with Arlington County Department of Parks, Recreation, and Cultural Resources. The two other Add Alternates were associated with corridor walls and glazing options and were determined to be of insufficient value to warrant the added cost.

Consequently, we will request authorization to award the base General Construction contract plus the recommended Alternate to Hess Construction Company in the amount of \$64,706,000.

Based on funding available, we have been working to stay within a total project cost of \$109,975,000. In response to School Board CIP Question #21 on May 21, 2008, we provided the budget for Yorktown that reflected the following allocation of the funds available:

General Construction \$92,013,644
Design 6,008,528
Project Management 5,139,148
General Requirements 1,973,000
Equipment 240,000
Contingency (5% of GC) 4,600,680

Total Project Cost \$109,975,000

Since the development of the CIP, we have incurred some actual soft costs that previously had only been estimates and we have also developed a better understanding of other costs. Some of these items include the actual costs for the portable classrooms and supporting work within the existing building; an increase in design fees for several items including the change from enthalpy wheels to heat plate exchangers; an allowance for Building Permit fees which had not been required when the initial budget was developed; and an increase in the allowance for the security system to reflect our current thinking. All of these changes result in a net increase of less than 1% in total soft costs, a figure of \$124,813.

With respect to the project contingency, we recommend that 8% of the General Construction contract value be used, a figure of \$5,176,480. While the percentage is 3% higher than previously recommended, it is only slightly higher in actual dollars (\$575,800) than initially budgeted. There are several factors that suggest this is a prudent approach:

- The project involves demolition and rework of old, existing structures. The potential for unforeseen conditions is great.
- All of the bids were extremely aggressive and there will be upward pressure on change orders. While we will only negotiate what is fair, it is likely that all justifiable changes will be pursued.
- While we will hold the line on client-generated changes, the long 55-month construction period could easily see changes in program requirements or educational format thereby driving a need for legitimate changes in the project.
- While the low bid reflects the current economic condition, it is likely a recovery will be seen during the duration of the project, bringing with it more typical costs when changes to the contract are necessary.

Based on all the above, the following is the recommended breakdown of costs:

General Construction \$64,706,000
Design 6,445,489
Project Management 5,139,000
General Requirements 1,661,000
Equipment 240,000
Contingency (8% of GC) 5,176,480

Total Project Cost \$83,367,969

This figure represents a reduction in total project costs of \$26,607,031.

Therefore, we recommend authorization to award the General Construction contract to Hess Construction in the amount of \$64,706,000 and formally adopt a revised Project Budget of \$83,367,969 as set forth in Attachment A.

Superintendent's Recommendation:

The Superintendent recommends approval.

Attachment A

ARLINGTON PUBLIC SCHOOLS
FINAL PROJECT BUDGET
YORKTOWN HIGH SCHOOL

Architectural Fees \$6,445,489
General Construction \$64,706,000
Project Management \$5,139,000
General Requirements \$1,901,000
Contingency (8% of GC) \$5,176,480
Total Project Cost \$83,367,969

Funding

2004 Bond Referendum \$2,200,000
2006 Bond Referendum \$24,800,000
2008 Bond Referendum \$56,367,969
\$83,367,969

01/22/09

Action Agenda Details

Recommended Action:
