



Legislation Text

File #: 16-1364, **Version:** 1

Consider and take action on a resolution authorizing change order no. 1 with CDM Constructors Inc. for the South Shore Harbour Booster Pump Station Project (WT1102) to increase the GMAX Price by \$72,562.91 (Deputy City Manager)

Approval of this resolution will authorize change order no. 1, in the increased amount of \$72,562.91 for the construction of the South Shore Harbour Booster Pump Station Project.

On April 8, 2016, City Council awarded the construction contract in the amount of \$11,545,555 for the South Shore Harbour Booster Pump Station to CDM Constructors, Inc. (CCI), utilizing the Construction Management at Risk (CMAR) approach to construct the project.

In accordance with the contract, change orders are allowed in the CMAR that will adjust the guaranteed maximum Price (GMAX) to reflect conditions that occur after further refinement of the design or that unexpectedly arise as a result of the actual construction and commissioning.

Change order no. 1 represents a total net increase in the GMAX in the amount of \$72,562.91. This amount includes \$350,246.43 of additional items required during construction. The contract contingency amounts covered \$277,683.52, leaving the remaining \$72,562.91 as the net increase to the GMAX. Individual change order items are listed in the attached change order no. 1 attachment and included in the full workbook and summary.

With approval of Change Order No. 1 the CMAR GMAX contract amount will be adjusted as follows:

Original CMAR GMAX Contract Amount	\$11,545,555.00
Change Order No.1	<u>\$ 72,562.91</u>
Adjusted CMAR GMAX with Change Order	\$11,618,117.91

CCI provided a Guaranteed Maximum Price (GMAX) for the construction in the amount of \$11,545,555, which included the following items: direct costs, lump sum general conditions, lump sum fee, and a contingency. The contingency amount was segregated into two accounts: League City held contingency and CMAR held contingency

Direct costs are based on a mutually agreed schedule of values of estimated costs for project components. The actual direct costs could vary from the estimated costs, but the GMAX will remain fixed. In accordance with the contract, the direct costs are estimated at \$8,569,456. After completing the full development design and competitively bidding all components of the project, CCI's final direct costs totaled \$9,118,718.48.

Lump sum general conditions are a fixed cost that is paid to CCI for construction management labor and expenses, and direct field costs. In accordance with the contract, the lump sum general conditions amount was fixed at \$1,361,964.

Lump sum fee is a fixed fee paid to CCI for general construction management, including overhead and profit. In accordance with the contract, the Lump Sum Fee was fixed at \$787,189. If a change in cost is justified under a change order, then a change order will be processed, and the overhead and profit will be adjusted accordingly.

The League City held contingency amount of \$248,084 is to be used by CCI, with the express written consent from the City, in the event that a cost is incurred that is not addressed in a specific line item and does not qualify for an increase in the contract price. This could include: the City's preference to choose optional or additional items that are beyond the contract basis, design changes after the design process is complete, mutually agreed additional equipment, or extension of

work. The League City contingency amount of \$248,084 is available to be used for this change order.

The CMAR held contingency amount of \$578,862 is for specific design development details not included in a specific line item and does not qualify for an increase in contract price. This could include unforeseen site conditions, subcontractor/vendor change orders, rework as a result of non-negligent errors, trade buyouts which are not as favorable as estimated, etc. All of the contingency amount that is not used for the project will be returned to the City. The CMAR Contingency amount of \$549,262.48 was used for direct costs after completing the full development design and competitively bidding all components, and therefore; \$29,599.52 is available to be used for this change order.

The City received beneficial use of the South Shore Harbour Booster Pump Station Project on December 10, 2015, when the Booster Pump Station was put on-line and began providing water service for the City. This allowed the demolition to begin on the remainder of the water plant. The total project obtained substantial completion on January 08, 2016. The approval of the water well is still under TCEQ review, pending completion of CDM Engineering's Water Well Blending Study and Development (CCR 012).

Attachments:

1. Data Sheet
2. Proposed Resolution
3. Change Order No. 1
4. Project Cost Tracking Spread Sheet
5. CCR - Full Workbook with Summary

FUNDING

{ } NOT APPLICABLE

(X) Funding is available from WT1101 - Prior Bonds-RS Bonds - 2012B CO with expenses charged to WT1102 Construct - Construct - 2012B CO

{ } Requires Budget Amendment to transfer from Account # _____ to Account # _____