

CITY OF COOS BAY CITY COUNCIL
Agenda Staff Report

MEETING DATE	AGENDA ITEM NUMBER
December 17, 2013	

TO: Mayor Shoji and City Council

FROM: Jennifer Wirsing, Engineering Service Coordinator

Through: Rodger Craddock, City Manager *RC*
Jim Hossley Public Works Director *JH*

ISSUE: Approve the Award of CMGC Services for the proposed Wastewater Treatment Plant 2 project to Mortenson Construction

BACKGROUND:

Per Council's approval to move forward with a Construction Manager/General Contractor (CMGC) approach for the Plant 2 project, staff advertised for a CMGC contractor and accepted proposal on November 8, 2013. A total of three proposals were received. The contractors that submitted on this project are Mortenson Construction, Slayden Construction Group, Inc., and Wildish Construction. Staff formed a selection committee that consisted of Jim Hossley, Jennifer Wirsing, Randy Dixon, and Charleston Sanitary representatives (Steve Major with the Dyer Partnership and John Chirrick who is the District's Manager). The selection committee reviewed the proposals and performed interviews with each contractor. Based on the proposals and the interviews the selection committee is making the recommendation to award the CMGC services contract to Mortenson Construction. This contract will only be for pre-construction services. Upon completion of 90% design, a guaranteed maximum price (GMP) will be determined by Mortenson. They will conduct an open bid process for the project and determine a GMP (Our contract allows the CMGC to self-perform up to 5% of the work). Upon completion of the open book bid process, the city will negotiate the general conditions (the overhead and profit fee, bond rate, and insurance rate has already been established and provided in Mortenson's proposal) and a GMP for the project will be established. Staff has put together the following advantages and disadvantages for council's consideration.

ADVANTAGES:

Utilizing Mortenson for our CMGC contractor can provide better opportunities for reducing construction time by fast tracking construction where beneficial. Bringing Mortenson in at the beginning of final design will allow for the contractor to provide cost-savings input. Therefore all work will be a competitive open book bid process. Finally, Mortenson had the lowest Construction Management Percentage and the lowest Insurance rate percentage. At this time the General Conditions (GC) cost is not known (this will be negotiated at 90% design and prior to establishing the GMP), therefore it was assumed that the GC's are 8% of the direct costs. This allowed us to prepare the following comparison:

CMGC Comparison Table:

	Contractor		
	Wildish	Slayden	Mortenson
OH&P Fee	4.25%	5.00%	3.90%
Direct Costs (DCs)	\$ 15,000,000.00	\$ 15,000,000.00	\$ 15,000,000.00
General Conditions cost (GCs)	\$ 1,200,000.00	\$ 1,200,000.00	\$ 1,200,000.00
DC + GC	\$ 16,200,000.00	\$ 16,200,000.00	\$ 16,200,000.00
OH&P Subtotal w/OH&P	\$ 688,500	\$ 810,000	\$ 631,800
	\$ 16,888,500	\$ 17,010,000	\$ 16,831,800
Bond rate	0.60%	0.70%	0.79%
Insurance rate	1.682%	1.020%	0.850%
Bond, \$	\$ 101,331.00	\$ 119,070.00	\$ 133,476.17
Insurance, \$	\$ 284,064.57	\$ 173,502.00	\$ 143,070.30
TOTAL projected GMP w/out contingency	\$ 17,273,895.57	\$ 17,302,572.00	\$ 17,108,346.47
	0.20	0.20	0.20
Contingency	\$ 3,454,779.11	\$ 3,460,514.40	\$ 3,421,669.29
Pre-design services proposal	\$ 86,500	\$ 81,972	\$ 175,000
Pre-design and Construction Total	\$ 20,815,174.68	\$ 20,845,058.40	\$ 20,705,015.77

DISADVANTAGES:

None.

BUDGET:

The CMGC contractor will work collaboratively with the engineer and the City under a professional services contract during the Value Engineering phase and the final design period. The funding for the CMGC preconstruction services contract will be from the Oregon Infrastructure Finance Authority Phase/Loan Number 2. At the authoring of this staff report, a pre-construction amount had not been fully negotiated between City Staff and Mortenson. The number presented on the attached spreadsheet will be the maximum price. The negotiated value will be presented at Council. Ultimately staff is working on an application for a loan administered by DEQ's State Revolving Fund to fund the construction of the plant.

RECOMMENDATION:

If it pleases council, staff recommends Council award CMGC Services for the proposed Wastewater Treatment Plant 2 project to Mortenson Construction.