



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD  
GENERAL MANAGER'S DIVISION

*Rely on us.*

TO: Commissioners Simpson, Farmer, Brown, Menegat  
FROM: Ken Beeson  
DATE: April 30, 2008  
SUBJECT: Roosevelt Building Project – Construction Contract

---

### *Issue Statement.*

On Tuesday, May 6, 2008, staff will request Board approval to execute an amendment to EWEB's contract with Lease Crutcher Lewis to provide construction services related to the Roosevelt Operations Center.

### *Background.*

In August 2006, following completion of an RFP solicitation process, EWEB selected Lease Crutcher Lewis LLC as the Construction Manager / General Contractor (CM/GC) for the proposed Roosevelt Operations Center. Following that selection, we executed a contract with Lewis for pre-construction services related to the project. This contract provides for execution of an amendment to provide construction services for the project in the event EWEB decides to proceed with construction.

Since that time, we have completed substantial work to position us to start construction including: (1) Board approval in July 2007 of a final project budget of \$83.5 million; (2) Board approval in February 2008 of a completed schematic design and a project financing in the amount of \$85.5 million under provisions of the Uniform Revenue Bond Act (URBA); (3) City council approval of this project financing in February 2008; (4) submittal of all necessary agency permit applications; and (5) completion of necessary bid documents, construction drawings and specifications providing for contract construction this summer of the earthwork portion of the project.

We are now at the point where we want to execute this construction services amendment to allow Lewis to formally begin work as the general contractor and construction manager. This will allow for formal bidding for the earthwork portion of the Roosevelt project and, subject to the conditions described below, will allow us to proceed with construction including this initial phase of construction that must be completed in the wetlands prior to November 2008 if we are to maintain our completion date target of November 2010.

This memo provides detail on the proposed construction contract and the overall construction process between now and end of 2010. It also provides an update on permitting, the wetland mitigation bank payment, and public communication.

### *Discussion.*

The *Construction Contract Amendment* provides that Lewis, acting in their role as CM/GC will provide, either directly or through subcontractors and suppliers, all labor, material, equipment, etc necessary to complete construction of the project. General parameters of this work include:

- Completing the project construction through use of subcontractors, and selecting subcontractors through open solicitation and competitive bidding in accordance with applicable Oregon law;<sup>1</sup>
- Organizing, scheduling and managing the project construction work;
- Monitoring all work and coordinating with EWEB and the Architect to complete work within EWEB's objectives of budget, schedule and quality;
- Providing ongoing reports on costs and work progress; scheduling and conducting regular work progress meetings;
- Providing management and coordination for completion of work in compliance with LEED standards for new construction;
- Providing all required close out and completion services.

*The Bid Packages:* The project construction work managed and completed by the CM/GC will be done in three bid packages including (A) a site work package (summer 2008) that will include earthwork, a portion of the utilities and wetlands mitigation work; (B) a foundations and structures package that will include concrete tilts, foundations, structural steel, roofing; and (C) a buildings package that will include building exteriors and glass work, interior build-outs, mechanical, electrical, communications, plumbing, paving and final landscape, and commissioning (There will also be a fourth package for furniture, fixtures and equipment that will be managed and completed by EWEB.)

*The Guaranteed Maximum Price.* The contract stipulates that EWEB will pay Lewis, on a not to exceed basis, a targeted Guaranteed Maximum Price (GMP) of \$61,446,000 to perform the contract and complete the work. This amount is the "Total Construction Cost with Overheads" shown in the final project budget (Attachment A) approved by the Board in February.

The GMP is comprised of the cost of the work plus the contractor's fee.

- Referring to the budget on Attachment A, the "cost of the work" includes the direct construction costs plus all overheads, contingencies and escalation. It also includes costs for any changes as described below. The overheads include all CM/GC costs to support, manage and complete the work (referred to as the general conditions). This includes provision of insurance for personal liability and property damage, builder's risk, and performance bond consistent with EWEB contracting policy and Oregon law. The use of the contingencies is described below; any unspent amounts remain with EWEB.
- The "contractor's fee" is 2.15% and is applied to the cost of the work and covers home office services, corporate overhead and profit.

The GMP will be developed and revised as each bid package is completed. Attachment B provides an illustration of that development.<sup>2</sup>

- The initial GMP shown in Column A will be determined when bidding for the site work (Bid Package A) is completed in June 2008. A cost report will be provided to the Board at that time showing the

---

<sup>1</sup> The contract allows Lewis to self-perform up to 10% of the total work.

<sup>2</sup> Except for the project budget (May 2008 – far left column), all numbers on Attachment B are provided here for discussion and illustration only. Actual amounts will be determined as each bid package is completed.

initial GMP, actual costs to date and estimated completion cost.

- The GMP will be revised in April 2009 (approximate date) (Column B) when bidding for the foundations and structures (Bid Package B) is completed. Another cost report will be provided at that time for the Board showing the revised GMP, actual costs to date and estimated completion cost.
- The GMP will be revised again in October 2009 (approximate date) (Column C) when bidding for the buildings and finishes (Bid Package C) is completed. A cost report showing the revised GMP, actual costs to date and estimated completion cost will be provided.
- The various contingencies (including the Project contingency shown in the budget under “Owner costs”) are in place to help us manage the construction costs as we proceed and help ensure that the final cost is within the project budget. If during the project any bids exceed the estimates, we would expect to (1) use these contingency funds to cover the difference, and/or (2) reduce the scope of work using “construction alternates” identified in the bid process (see below) or value engineering and option analysis.
- If any bids are less than the estimates, we would carry that difference forward in the “Design and Estimating Contingency” and/or the “Project Contingency” to offset any future bid overages or changes. Any contingency left when the project is complete will remain with EWEB.
- Bidders will be asked to identify costs for certain “construction alternates” (e.g., amount of wall or roof insulation, degree of glass shading, hardness and/or reflectivity characteristics of concrete floors, etc.). These alternates will allow adjustment of total construction costs in the event certain bid costs exceed the estimates. Any alternates employed would be consistent with the original scope of project design.

*Changes Orders* can be expected. Changes related to scope additions and unforeseen conditions will be paid by EWEB and will be included in the cost of the work. Money for such changes is included in the project contingency (see Attachment A).

- Scope additions could be minor changes or additions determined during construction that were either not included in the design but are consistent with the overall scope of the project.
- An example of an unforeseen condition would be if additional rock is required beneath the operations building due to unforeseen ground conditions. We have completed substantial geotechnical review of the site including various borings and test pits and don’t expect such a situation. However, it is possible. It is also noted that the most potential for added cost related to unforeseen conditions is in the initial site and rock work (summer 2008).

*Payments for Work.* Contract provisions for payment for work including applications for payment are standard for work of this kind. Applications for payment will be submitted by the CM/GC and reviewed by the Owner’s Representative (generally the architect or engineer depending on the bid package and the specific work) with payment recommendation then made to the Owner. Retainage will be withheld consistent with Oregon statutory requirements. All payments for work will be approved by EWEB.

Staff is assuming that with Board authorization of the construction contract, we will be able to proceed with project construction as described above. We would not be coming back to the Board for any additional authorizations related to bid packages A, B and C as long as the work progresses within the budget assumptions and consistent with the scope of work outlined in the February Schematic Design Summary.

*Other Matters.*

*Owners Costs* are listed in the project budget (refer to Attachment A) and Board authorization for those expenditures will be requested as needed consistent with established purchasing and contract policies.

*Permits.* All necessary permits to begin construction are in process and have either been approved or are expected to be approved and received by early June to allow us to begin construction. These include City required permits (initial permits for site work, the privately engineered public improvement permit (necessary for public right of way work), and the traffic signal installation approval); and agency required permits including the Joint Permit Application (JPA) (US Army Corps of Engineers, Oregon Department of State Lands (DSL), and Oregon Department of Environmental Quality (DEQ)).

*Wetland Mitigation.* Prior to issuing the final fill permit, Oregon DSL requires that EWEB (1) provide a receipt showing purchase of credits in the wetlands bank consistent with our permit application, and (2) sign an “Instrument of Protection” showing that EWEB has set aside the onsite wetlands consistent with the permit application. Staff will request Board approval on May 20 (consent calendar) to sign the protection document and make the wetland bank purchase (approximately \$435,000).

*Public Communication.* We are planning to have a public briefing on the project in early June so we can review the final construction plans with interested people. We would probably hold that meeting at Petersen Barn or another community meeting site in the area.

*Project Schedule.* The current project schedule is shown on Attachment C.

***Recommendation / Requested Action.***

Staff recommends Board authorization for the General Manager to execute an amendment to EWEB Contract #035-2006 with Lease Crutcher Lewis LLC with a not to exceed amount of \$61,446,000.

Please call me if you have questions or need additional information.

Attachments

## Attachment A

<b>Roosevelt Project Budget</b>	<b>Project Budget (February 2008)</b>
<b>DIRECT CONSTRUCTION COSTS</b>	
Site, Yard, Parking	\$ 14,955,000
Operations Building	\$ 20,521,000
Warehouse	\$ 3,594,000
Fleet	\$ 4,658,000
<b>TOTAL - DIRECT CONSTRUCTION</b>	<b>\$ 43,728,000</b>
<b>CONSTRUCTION OVERHEADS AND ESCALATION</b>	
General Conditions	\$ 3,058,000
PL/PD, Builders Risk, Performance Bond	\$ 1,462,000
BOLI Fee	\$ 5,000
Contractor Contingency (2.5%)	\$ 1,206,000
Contractor Fee (2.15%)	\$ 1,064,000
Estimating Contingency (12%)	\$ 5,871,000
Escalation (Sept 06 - Oct 09)	\$ -
Escalation (Jan 08 - Oct 09)	\$ 5,052,000
<b>TOTAL CONSTRUCTION OVERHEADS, ESCALATION</b>	<b>\$ 17,718,000</b>
<b>TOTAL CONSTRUCTION COSTS WITH OVERHEADS</b>	<b>\$ 61,446,000</b>
<b>OWNER COSTS</b>	
Equipment, Furniture	\$ 2,600,000
Utilities	\$ 2,200,000
Owners Services	\$ 943,000
Permits, Fees	\$ 2,020,000
Architects, Engineers	\$ 6,850,000
Other Services	\$ 1,170,000
<b>TOTAL Owners Costs</b>	<b>\$ 15,783,000</b>
<b>TOTAL CONSTRUCTION AND OWNER COSTS</b>	<b>\$ 77,229,000</b>
Project Contingency	\$ 4,634,000
EWEB Administrative Overhead	\$ 1,637,000
<b>ESTIMATED TOTAL PROJECT COST</b>	<b>\$ 83,500,000</b>

**ATTACHMENT B**

**COSTS SHOWN BELOW ARE ESTIMATES AND ARE FOR DISCUSSION ONLY. ACTUAL COSTS WILL BE DETERMINED AS PROJECT BIDDING AND CONSTRUCTION IS COMPLETED.**

revised:April 28, 2008						
Roosevelt GMP Cost Development			A	B	C	
	May 2008	June 2008 - Amendment 2	April 2009 - Amendment 3	Oct 2009 - Amendment 4		
	Approved Project Budget	GMP (Bid Package A)	GMP (Bid Package A + B)	GMP (Packages A + B + C)		Final GMP
<b>Direct Construction</b>						
Site	\$ 14,955,000	\$ 12,500,000	\$ 14,000,000	\$ 15,500,000		\$ 15,950,000
Operations Bldg	\$ 20,521,000	\$ -	\$ 13,000,000	\$ 25,500,000		\$ 26,500,000
Warehouse	\$ 3,594,000	\$ -	\$ 2,700,000	\$ 4,100,000		\$ 4,350,000
Fleet	\$ 4,658,000	\$ -	\$ 3,100,000	\$ 5,300,000		\$ 5,450,000
<b>Total - Direct Construction</b>	<b>\$ 43,728,000</b>	<b>\$ 12,500,000</b>	<b>\$ 32,800,000</b>	<b>\$ 50,400,000</b>		<b>\$ 52,250,000</b>
<b>Construction Overheads, Escalation</b>						
General Conditions	\$ 3,058,000	\$ 875,000	\$ 2,296,000	\$ 3,528,000		\$ 3,657,500
PL/PD, Bldrs Risk, Perf Bond	\$ 1,467,000	\$ 419,354	\$ 1,100,000	\$ 1,690,000		\$ 1,752,883
Contrator Contingency	\$ 1,206,000	\$ 344,745	\$ 905,000	\$ 1,390,000		\$ 1,441,033
Contractor Fee	\$ 1,064,000	\$ 304,153	\$ 798,000	\$ 1,226,000		\$ 1,271,359
Design and Estimating contingency	\$ 5,871,000	\$ -				\$ -
Escalation (Jan 08 - Oct 09)	\$ 5,052,000	\$ -				\$ -
<b>Total - Overheads and Escalation</b>	<b>\$ 17,718,000</b>	<b>\$ 1,943,251</b>	<b>\$ 5,099,000</b>	<b>\$ 7,834,000</b>		<b>\$ 8,122,776</b>
<b>Total construction Costs with Overheads</b>	<b>\$ 61,446,000</b>	<b>\$ 14,443,251</b>	<b>\$ 37,899,000</b>	<b>\$ 58,234,000</b>		<b>\$ 60,372,776</b>

