

Staff Report

Subject: Hodgeville Road Fire Station #15 – Change order for Steel Building Price Change
Author: Eric Larson, Asst. County Manager
Department: County Engineering
Meeting Date: February 15, 2022
Item Description: Change order for Savannah Construction and Preservation to change the prices of the pre-manufactured steel building for the fire station on Hodgeville Road.

Summary Recommendation:

The Contractor, Savannah Construction and Preservation, claims an increase in cost from the time the building was ordered until the time the building was manufactured and delivered to the shop site. The Contractor states that circumstances beyond their control, specifically the Artic Storm in Texas in February 2021, material supply shortages as a result of COVID, supply chain interruptions for delivery of goods, and owner delays on decisions. Staff and the design consultant deny that decisions on shop drawing submittals should have caused a delay. However, staff has no way to confirm or dispute the other delays claimed. Therefore, this change order is being presented to the Board of Commissioners without staff recommendation.

Executive Summary/Background:

- It is noteworthy that the contractor canceled the original order and selected a second vendor to supply the building.
- The contractor states the original cost of the building was \$98,196.67. The final cost was \$179,797.07, an 83% increase.
- The contract signed in October 2020 between the County and Savannah Construction and Restoration does not include a price escalation clause due to unforeseen events. The contract is a Lump Sum cost contract and changes must be mutually agreed upon by both parties.
- Staff has reviewed the documentation provided by the contractor. While compelling, it is not supported by facts including cost data from the steel building manufacturer or due diligence by the contractor to document the justification. Staff has requested additional information, but has not received the same.
- The County is being asked to accept the documentation and approve the change order request.
- A time request is also being requested. However, a separate change order for time only was approved by the Board of Commissioners in January 2022.
- It is also noteworthy that the contractor has stated that they cannot absorb the increased cost into their lump sum contract price and intend to default on the contract if the change order is not approved.
- Original Contract Amount = \$472,019
- Change Order request = \$81,600.40
- New Contract amount, with Change order = \$553,619.40 (17% increase.)

Alternatives for Commission to Consider

- 1 - Approve the change order for the steel building to Savannah Construction and Restoration in the amount of \$81,600.40.
- 2 – Take no action – Request more information.
- 3 – Deny the change order.

Recommended Alternative: Staff does not have a recommended alternative.

Department Review: County Engineering; County Attorney
Funding Source: Fire Fund.

Attachments:

1. Change Order Request
2. Original Contract