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**CITY COUNCIL CONSIDERATION ITEM**  
**CITY OF FAIR OAKS RANCH, TEXAS**  
**March 3, 2022**

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AGENDA TOPIC: Consideration and possible action authorizing the City Manager to execute a Guaranteed Maximum Price Amendment to the agreement between the City of Fair Oaks Ranch and Waterman Construction, LLC as Construction Manager at Risk for City Hall Renovation construction services

DATE: March 3, 2022

DEPARTMENT: Administration

PRESENTED BY: Carole Vanzant, CPM, TRMC, Assistant City Manager

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**INTRODUCTION/BACKGROUND:**

In February 2020 City Council authorized the advancement of a Civic Center and City Hall Renovation project utilizing the Construction Manager at Risk method. This delivery method includes:

- ❖ Design Architect/Engineer selected on qualifications
- ❖ Construction Manager (CM) selected on qualifications or qualifications and general conditions costs
- ❖ Owner holds separate contracts with designer and CM (can be same entity under Texas Law)
- ❖ CM holds contracts with subcontractors and suppliers

In April 2020, the City entered into a Professional Services Agreement with Studio S Architekts to provide customary architectural design services for this project. Upon receipt of 30% design plans, a Request for Proposals was issued soliciting proposals from qualified firms to provide Construction Manager at Risk services. On January 21, 2021, the City entered into a Professional Services Agreement with Waterman Construction, LLC to provide Construction Manager at Risk services. The agreement authorized the firm to begin work and incur pre-construction and general condition fees up to \$134,000 with a future Guaranteed Maximum Price Amendment brought before Council for approval.

On April 30, 2021, Waterman Construction presented city staff with an initial project cost of \$2,679,894 based on the current design and subcontractor bids. Based on the scope of the work designed, the cost of construction materials, and current economic conditions produced an unexpected increase. Waterman Construction was asked to continue working on the project by identifying ways to meet the city's budget of \$1,200,000. In June 2021, after careful consideration of the current economic conditions, inclusive of significant material and labor cost increases within the construction sector, and after receiving multiple options, the City Manager determined meeting the original budget without making drastic concessions to the original scope would not be attainable. Accordingly, the City Manager ordered an official Stop Work Order on the design and pre-construction services of the Civic Center and City Hall Renovation. City Council, on July 1, 2021, after receiving a project update from the City Manager, provided direction to set aside the

Civic Center portion and focus on the City Hall renovation. On February 24, 2022, Waterman Construction submitted an updated project proposal. **Exhibit A** attached provides a breakdown of the following construction cost:

<b>Construction Cost</b>	<b>\$ 652,406</b>
Pre-Construction Services Fee	\$ 2,500
General Conditions (10.98%) Fee	\$ 71,634
CMAR Fee (1.63%) Fee	\$ 11,843
Owner Contingency (5.0%) Fee	\$ 36,919
<b>Total GMP</b>	<b>\$ 775,302</b>

Recently, staff identified pertinent items essential in improving the safety and security of the building and the need to upgrade cabling to today's industry standards. These enhanced items were not part of the original scope of the project. Below are three alternates for City Council consideration:

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|---|---------------|
| 1. (Safety): Upgrade exterior stairs to a non-combustible material: | \$ 35,529     |
| 2. (Safety and Security): Provide access controls and cameras:      | 118,428       |
| 3. (Industry Standards): Upgrade cabling to Cat6:                   | <u>23,686</u> |
|   | \$177,643     |

The above alternate costs are not included in the total GMP amount of \$775,302. If all or some of the alternates are approved, the GMP Amendment would increase accordingly. **Exhibit B** attached provides the available funding sources for this project including the staff alternate items.

A guaranteed maximum price contract sets a limit, *or maximum price*, that the City of Fair Oaks Ranch pays the contractor. Costs beyond the guaranteed maximum price is covered by the contractor. If the project comes in under budget, in accordance with the original Agreement, the City will reap the benefit. As design documents are typically less than 100% complete prior to a GMP amendment agreement, there needs to be a mechanism in place for flexibility. Based on the status of our design documents at 95% completion, a 5% contingency is included for possible changes during the finalization of the mechanical, electrical, and plumbing drawings.

In addition to material samples on display, Hollie Sanchez with Studio S Architekts will present conceptual renderings of the renovated City Hall.

This agenda item brings forth a cost proposal for a Guaranteed Maximum Price (GMP) Amendment to the Agreement. Subject to City Council approval of a budget amendment, staff recommends authorizing the City Manager to execute the Guaranteed Maximum Price Amendment for the City Hall Renovation Project.

**POLICYANALYSIS/BENEFIT(S) TO CITIZENS:**

1. Complies with the City Council directive from July 1, 2021.
2. The General Fund Strategic Action Plan fund has sufficient resources to accommodate the project cost; accordingly, fiduciary responsibility of public funds has been achieved.

3. Will provide long-term efficiencies in accommodating current City Hall staff.
4. Reduces the need and costs of the current temporary space.
5. Will achieve Strategic Objective 3.5 under Reliable and Sustainable Infrastructure to Enhance & Ensure Continuity of Reliable City facilities.

**LONG-TERM FINANCIAL & BUDGETARY IMPACT:**

Exhibit B provides available project funding sources of \$971,575. If the project cost proposal, including the three alternates are approved, total project cost proposal is \$952,945.

**LEGAL ANALYSIS:**

N/A

**RECOMMENDATION/PROPOSED MOTION:**

Subject to City Council approval of a budget amendment, I move to authorize the City Manager to execute a GMP Amendment in the amount of \_\_\_\_\_ between the City of Fair Oaks Ranch and Waterman Construction, LLC for construction services.