



## CITY OF NORMAN, OK STAFF REPORT

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**MEETING DATE:** 2/22/22

**REQUESTER:** Jason Olsen

**PRESENTER:** Jason Olsen, Director of Parks and Recreation

**ITEM TITLE:** CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF AMENDMENT NO. THREE TO CONTRACT K-2021-97: BY AND BETWEEN THE NORMAN MUNICIPAL AUTHORITY AND GE JOHNSON CONSTRUCTION COMPANY INCREASING THE CONTRACT AMOUNT BY \$22,659,079 FOR A REVISED CONTRACT AMOUNT OF \$39,024,185 FOR CONSTRUCTION MANAGEMENT AT-RISK SERVICES FOR THE CONSTRUCTION OF THE YOUNG FAMILY ATHLETIC CENTER; APPROPRIATION OF NORMAN FORWARD SALES TAX FUND BALANCE; AND BUDGET TRANSFER, AS OUTLINED IN THE STAFF REPORT.

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### BACKGROUND:

In October of 2015, Norman citizens passed the Norman Forward Initiative, funding various projects through a ½% sales tax increase over 15 years. Included in the Norman Forward Initiative were projects to construct a new Multi-Sport Complex and Indoor Aquatic Facility.

The Multi-Sport Complex and Indoor Aquatic Facility were initially proposed as two separate projects. After extensive public input and consideration by the City Council, acting as Trustees of the Norman Municipal Authority (NMA), these projects were combined into one more extensive project in 2018, located at the corner of 24th Avenue NW and Rock Creek Road. This new sports and aquatic complex will include eight full-sized basketball or 12 volleyball courts; a 25-meter, eight-lane lap pool; a 25-yard, four-lane warm-up pool; concession stands; retail space; administration offices; and, through a partnership with Norman Regional Health System (NRHS), a health and wellness clinic to be placed between the multi-sports and aquatic complexes.

Oklahoma City firm Frankfurt, Short, Bruza (FSB) was selected as the architectural and engineering (A/E) consultant for this project in March 2018. FSB has completed the schematic design and design development documents phase of the project and is proceeding with

construction documents and assisting with construction administration through the project completion. The building and the project were named the Young Family Athletic Center (YFAC) in July of 2021 (Contract K-2122-27) after the Trae Young Family Foundation (TYFF) agreed to donate \$4,000,000 to the construction of the building.

## **DISCUSSION:**

On February 9, 2021, the NMA/City Council approved Contract K-2021-97 with GE Johnson Construction Company to provide construction management at-risk (CMaR) services for the YFAC project. The initial contract amount of \$85,000 was approved to provide pre-construction services which included plan review, design assistance, bidding services, and value engineering.

On September 14, 2021, NMA/City Council approved Amendment / Guaranteed Maximum Price (GMP) #1, which included earthwork, site clearing and mass excavation; estimating and construction contingencies; general conditions for the entire project; and indirect costs, which included bonding, insurance, and CMaR fees. The total for GMP #1 was \$3,404,474 (making then-cumulative total for Contract K-2021-97 of \$3,489,474).

On November 30, 2021, NMA/Council approved Amendment / GMP #2, which included building concrete, steel/joist/deck fabrication & erection, swimming pools, concrete/asphalt exterior paving, site utilities, and construction contingency, bonding/insurance and CMaR fees. The total for GMP #2 was \$12,875,632 (making then-cumulative total for Contract K-2021 of \$16,365,106).

Construction bids for this portion of construction, including masonry, millwork, metal panels, roofing, windows, painting, flooring, elevators, plumbing/HVAC/mechanical, electrical, landscaping, and various other aspects of “upward construction,” were opened on February 10, 2022. The total amount for work on the construction phase on GMP/Amendment #3 is (\$21,658,364) with additional indirect costs and fees of (\$1,000,715) for a total of \$22,659,079 (making the current cumulative total for Contract K-2021 of \$39,024,185).

The bid costs for most of the various components of GMP #3 are substantially within the engineer’s and CMaR’s estimates. The bid price for roofing materials, HVAC, and Gypsum were significantly over the original design estimates, reflecting the recent worldwide increase in the price (and delivery schedules) of these products. This cost inflation has been anticipated, and contingency plans have been discussed with the NMA/Council and the Norman Forward Citizen’s Financial Oversight Board (CFOB). At the February 15 City Council Conference meeting (Capital Budget Review), it was recommended that \$1,500,000 of Norman Forward savings allocated to the James Garner Road Project (NFP109) be transferred to the Young Family Athletic Facility Pay-As-You-Go Project (NFP110).

NRHS has committed a minimum of \$6.7 million towards constructing a human sports and performance clinic inside the YFAC to be called “N-Motion.” In addition, according to Contract K-2021-99 approved by Council in February 2021, NRHS will pay its portion for pre-construction fees (\$17,000) and A/E fees (\$249,000) associated with the construction of the clinic by June 30, 2022. The Parks and Recreation Department requests to appropriate this \$266,000 from the Norman Forward Unreserved Fund Balance to the Young Family Athletic Facility Pay-Go Project (NFP110).

The TYFF agreed generously to donate \$4,000,000 towards the construction of this facility, with the donation to be paid over ten years. Contract K-2122-27, which the NMA/Council approved in July 2021, with the TYFF, will pay \$200,000 with the start of upward construction in the fiscal year 2021-2022 (FYE 2022). Parks and Recreation Department/NMA Staff requests to appropriate this \$200,000 from the Norman Forward Unreserved Fund Balance to the Young Family Athletic Facility Pay-Go Project (NFP110). Future appropriations of the TYFF donations, as delineated in Contract K-2122-27, will be considered in annual budgets.

The Norman Municipal Authority approved a bond issuance, securitized by Room Tax revenues, in August 2021 (Resolutions R-2122-32 and R-2122-33) to provide supplemental construction funding for the YFAC. The Parks and Recreation Department requests \$3,801,683 of these NMA Room Tax Revenue Bond proceeds to be appropriated from the Norman Forward Fund Balance to the Young Family Athletic Facility Project (NFP110).

“Trae Young Drive,” a public road to be constructed within the scope of this project, will be funded through the Norman Forward Traffic and Road Improvements Project, Construction account (51594405-46101; project NFP120) in the amount of \$328,359.

The current balance in the project accounts is \$7,399,662.53 (Indoor Aquatic Facility, NFB002; Indoor Multi-Sport Facility, NFB003). The Parks and Recreation department requests a further appropriation of the remaining money needed to fund Contract K-2021-97 GMP #3 of \$13,255,022.47 from the Norman Forward Fund Balance (account 51-2900). The proposed appropriation of the available Norman Forward Fund balance will provide the up-front funding needed to complete the construction for the Young Family Athletic Center. Anticipated future revenues from the NRHS and TYFF will reimburse the Norman Forward Fund balance.

It is anticipated by both NMA/City staff and the CMaR as the project progresses due to current market conditions and possible delay with construction materials, the complete construction of the YFAC project could be delayed up to seven months. It is further anticipated that the additional construction time added to the project will lead to higher costs for the CMaR.

This project will have a fourth and final Amendment/GMP that includes bid packages that either did not receive bids on the February 10th bid opening and/or the City rejected the bid packages. The design team is adjusting scopes for more affordable options.

Our Project Consultants from ADG have participated throughout the entire process up to our current point of construction for this project. Further, the amendment documents have been reviewed and approved by the City Attorney's Office.

With the fund balance appropriations and transfers mentioned in this memo, adequate funds are available for this contract in the Indoor Aquatics Facility Project, Construction (Account 51795546-46101; Project NFB002); Indoor Multi-Sport Project, Construction (Account 51796601-46101; Project NFB003); Traffic and Road Improvement Project, Construction (Account 51594405-46101); and the Young Family Athletic Center Pay-As-You-Go Project, Construction (Account 51790601-46101; Project NFP 110).

**RECOMMENDATION No. 1:**

It is recommended that the City Council, acting jointly as the Norman Municipal Authority, approve Amendment #3 to CMaR Contract K-2021-97 with GE Johnson Construction Company in the amount of \$22,659,079 for a total contract of \$39,024,185 for the Young Family Athletic Center project for the Parks and Recreation Department.

**RECOMMENDATION No. 2:**

It is recommended that the NMA/City Council transfer \$1,500,000 from the James Garner Road Project (NFP109) to the Young Family Athletic Center Pay-Go Project (NFP110).

**RECOMMENDATION No. 3:**

It is recommended that City Council appropriate \$266,000 from the Norman Forward Fund Balance Account (51-29000) to the Young Family Athletic Center Pay-Go Project, representing NRHS' portion of the A/E and pre-construction fees to be received in FYE 2022.

**RECOMMENDATION No. 4:**

It is recommended that City Council appropriate \$200,000 from the Norman Forward Fund Balance Account (51-29000) to the Young Family Athletic Center Pay-Go Project (NFP110), representing The Young Family Foundation's donation for FYE 2022.

**RECOMMENDATION No. 5:**

It is recommended that City Council appropriate \$3,801,683 from the Norman Forward Fund Balance Account (51-29000) to the Young Family Athletic Center Pay-Go Project (NFP110), representing proceeds from the Norman Municipal Authority, Taxable Series 2021 Note.

**RECOMMENDATION No. 6:**

It is recommended that City Council appropriate \$13,255,023 from the Norman Forward Fund Balance to the Young Family Athletic Center Pay-Go Project (NFP110).