

**RECOMMENDATION FOR USE OF
CONSTRUCTION MANAGER AT RISK (CMAR)
DELIVERY METHOD FOR
THREE MAJOR CAPITAL IMPROVEMENT PROGRAM
CONSTRUCTION PROJECTS**

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INTRODUCTION

Wake County's Capital Improvement Program (CIP) currently includes three large and complex projects that are early in the design process or about to begin. These projects include:

- New Animal Center
- New General Services Administration Facility
- Wake County Detention Center Expansion Phase 3

These are 3 very different types of buildings but have significant and complex project scopes that can benefit from the CMAR method.

Project Overview: New Animal Center

The new Animal Center will replace the current facility located on Beacon Lake Dr. in Raleigh which has been outgrown. A new 56,000 square foot facility is planned to be built in eastern Wake County on the Randleigh Farm property. Services provided include animal housing (adoption, surrender, quarantine, bite holds, and court holds), veterinary services (supporting housed animals + planned limited public services), foster programs, animal control, pet redemption, and limited pet training education. Housing for 265 dogs and 184 cats will be provided among other smaller domesticated animals.

The animal center is a unique building type that includes spaces to house and manage the animals, and people spaces to support staff and visitors. The construction materials must be durable to withstand the active animals and ongoing disinfecting cleaning. Dog kennels are plumbed individually to limit the spread of disease making for a very complex under slab plumbing system. Statutory requirements for fresh air require complex HVAC systems. Veterinary services require state of the art operating rooms, prep and recovery areas. All said, the animal center is a very complex building type requiring a high level of coordination between trades that can benefit greatly from the CMAR method over the traditional design-bid-build method.

Project Overview: New GSA Administration Facility

The new General Services Administration facility will replace their existing facility on Capital Blvd,. adjacent to the newly built Smokey Hollow development, and will also consolidate the operations from their outlying facility near the North Wake Landfill. The proposed redevelopment project at the Wake County Office Park off Poole Road in East Raleigh will consolidate all five divisions into a single, 200,000-square-foot General Services Administration (GSA) building. This facility will also house Library Administration operations and include the construction of a new parking deck.

To execute this vision, the existing Wake County Office Park must undergo full redevelopment, which will include demolition of current buildings, realignment of roads and utilities and site infrastructure improvements to support three additional future buildings. Given the need to maintain continuous access and operations at the Olivia Raney Library, Historic Oak View Park, and existing Library Administration buildings throughout construction, the project must be carefully phased. This requires detailed planning, coordination, and flexibility to manage the impacts on daily operations and public services

Project Overview:

Hammond Rd. Detention Expansion Phase 3

The Wake County Detention Center, located at 3301 Hammond Road, is being constructed in planned phases as outlined in the 1999 Justice Facility Master Plan, which was developed in response to long-term housing population projections. Phase 1 was completed in 2005, followed by the successful completion of Phase 2 in 2012. Phase 3 of the expansion will add approximately 120,000 square feet, incorporating eight new housing units distributed over two levels. This will create 448 beds to accommodate maximum security inmates, and will include new program spaces and the construction of an additional parking deck.

Detention facilities are among the most complex and specialized building types, requiring highly secure construction methods and advanced building systems. Compounding this complexity is the need to carry out construction adjacent to and physically connected with an active detention facility, all without interrupting operations or compromising safety and security. This project demands precise coordination, phased implementation, and a strong integration of construction planning with detention operations.

CMAR Delivery Method - Recent State Statute Changes

June 2014 - NC Legislature – HB 1043:

- **Advance justification by public bodies now required for alternative project delivery approaches, such as CMAR or Design-Build (other than Multi-Prime, Single Prime, or Dual Bidding)**
- **Public Entity must conclude that CMAR is in the best interest of the project after comparing advantages and disadvantages of this method over traditional methods of construction project delivery**
- **This report will summarize the CMAR Delivery Method and how it compares to traditional competitive bid methods.**

CMAR Delivery Method - Summary of Delivery Methods

Traditional Competitive Bid Methods

- Bids are publicly advertised, and prices submitted on required date.
- Contract is awarded to lowest responsible, responsive bidder
- No involvement by contractors in design phase of project
- Owner has no information about price or bid cost drivers until project is bid
 - A. Single Prime Construction – all work performed as single package – one GC to Owner
 - B. Multi-Prime Construction – 4-6 separate trade packages are bid to Owner
 - C. Dual Prime – Options A & B bid concurrently

Alternative Methods

- **Construction Manager at Risk**
 - CM responsible for coordination and complete construction
 - Involvement begins in design phase
 - Prequalifies & publicly bids all subcontracts with enhanced MBE outreach
 - Quality based selection – similar to that of designers
- Design – Build
 - Similar to CMAR except design/construction by single entity (new to NC in 2013)

CMAR Delivery Method

Features of CMAR Delivery Method

- **Involvement Throughout Project – Design Thru Construction**
- **Level of Transparency of Cost Information**
- **Subcontractor Prequalification**
- **Minority Business Enterprise Utilization**
- **Schedule Control & Efficiency**
- **Overall Quality Control**

CMAR Delivery Method

Summary of Services – Design/Preconstruction

Preconstruction Phase (Consultant Role)

- **Construction Budgets Developed w/ Detailed Cost Estimates**
- **Constructability Reviews (recommending most efficient methods)**
- **Value Engineering Analysis**
- **Schedule Development, Coordination & Tracking**
- **Develops Site Utilization & Phasing Plans**
- **Prequalification and Competitive Public Bid of Subcontracts**

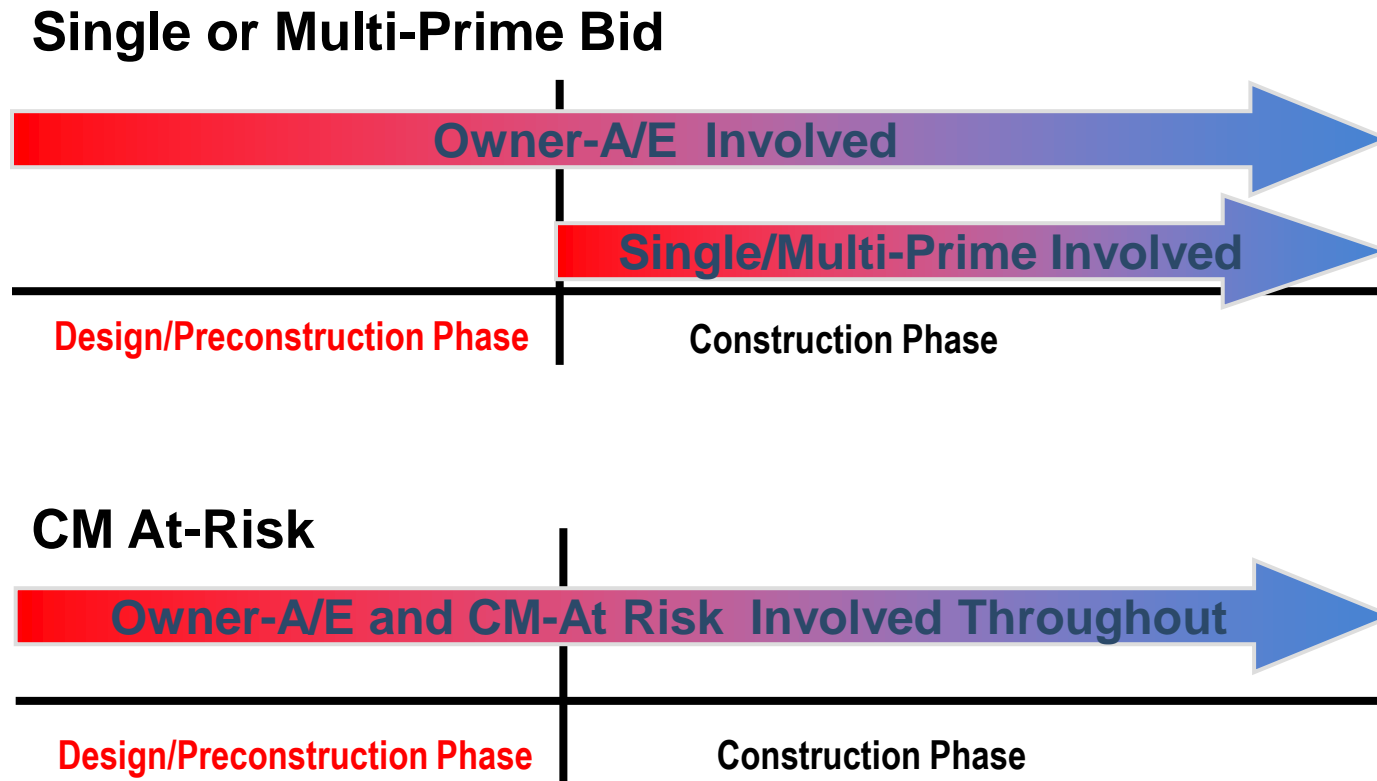
CMAR Delivery Method

Summary of Services – Construction

Construction Phase (Contractor Role)

- **Guaranteed Maximum Price Contract – (“GMP”) – for defined scope**
- **Prequalified/Bonded Subcontractors**
- **Overall Management of Construction**
- **Constant Management of Schedule and Cost**
- **Assists Owner with Occupancy Transition and Move Management**
- **Acts as Owner’s “Fiduciary” (acts in best interest of the Owner)**

CMAR Delivery Method Involvement Throughout Project



CMAR Delivery Method - Level of Transparency

CMAR – Transparency in the overall process

- Contract is Open Book; easily checked
- Subcontractors prequalified
- Sub bids publicly opened and lowest responsive selected

Single Prime – Very limited transparency

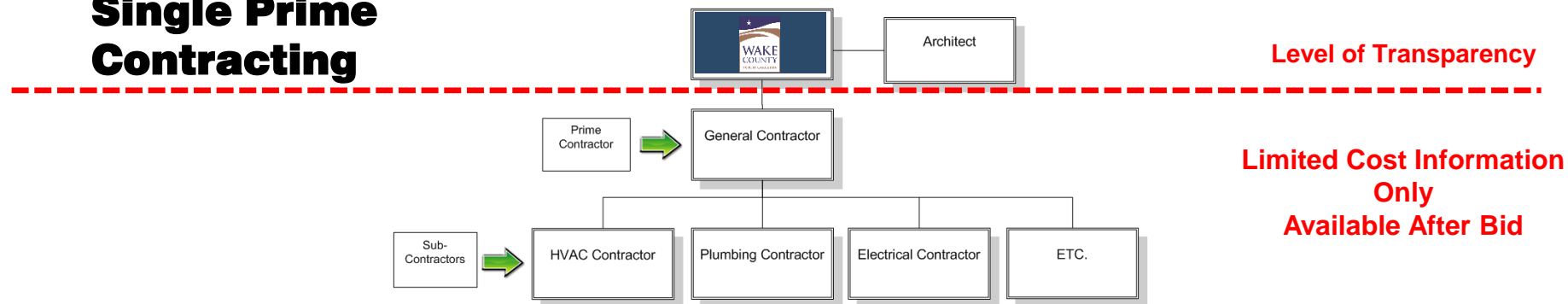
- Only the total project bid amount is provided
- Method of subcontractor selection is not disclosed
- Cost assumptions are not disclosed
- Unqualified subcontractors may be used

CMAR Delivery Method – Level of Transparency

Comparison in Level of Transparency Illustrated here:

*Level of Transparency – point beyond which contractor's cost drivers and impacts are shared with Owner.

Traditional Single Prime Contracting



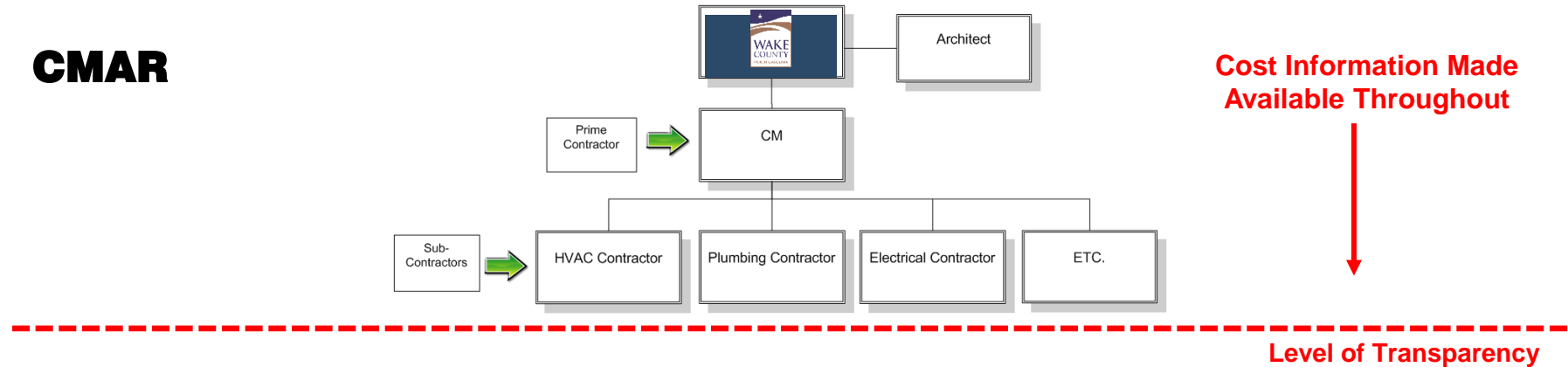
For Single Prime – no cost info before bid
– only limited cost information (closed book) after bid

CMAR Delivery Method – Level of Transparency

Comparison in Level of Transparency Illustrated here:

*Level of Transparency – point beyond which contractor's cost drivers and impacts are shared with Owner.

CMAR



For CMAR – cost information made available during design (open book) and throughout bid process

CMAR Delivery Method

Subcontractor Prequalification

- **Subs are identified and evaluated**
 - approved as capable and qualified
- **On average – majority of subs are same as Single Prime**
- **Typically, CMAR's have well developed sub relationships**
- **Over 95% of subcontracting dollars go to NC subs**
- **90% of CM cost goes to the subcontractors**

CMAR Delivery Method

Minority Business Enterprise Utilization

CMAR method provides:

- extensive MBE recruitment plans
- effort made to create small work packages that MBEs can bid
- more work contracted out since they cannot self-perform
- MBE business mentoring
- MBE Utilization consistently higher with CMAR (15 – 30%+)

Under Single Prime Contracting – minimal MBE outreach effort

- MBE Utilization Typ. Ranges from 0-15%
(Wake County Verifiable Goal is 10%)

CMAR Delivery Method

Relative Cost of Delivery Methods

CM At Risk - Fee is negotiated and set in the contract

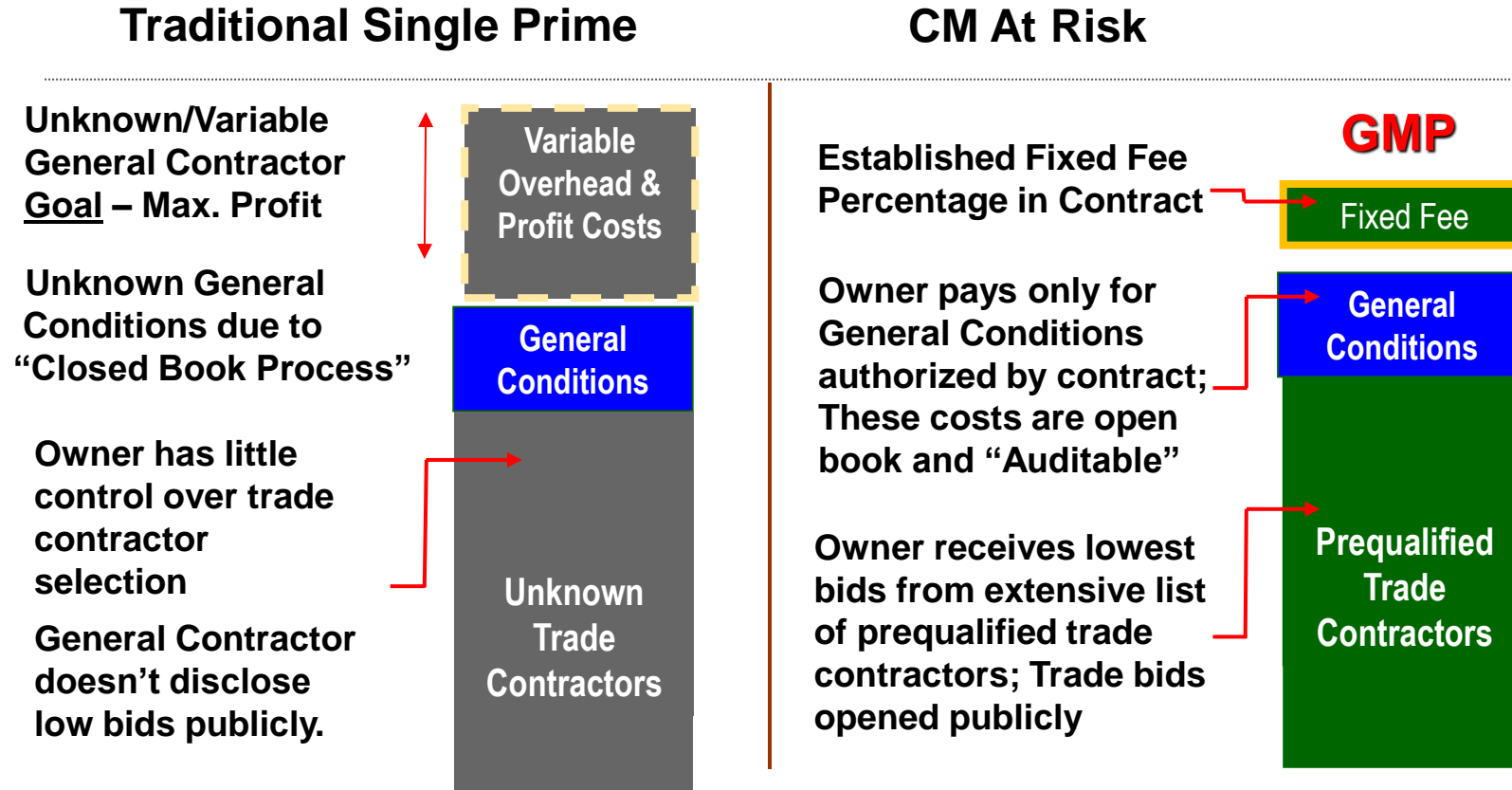
- **On bid Day, CM does have the possibility to have higher cost due to:**
 - More onsite personnel than Single Prime
 - More subs bonded with CM
 - MBE outreach effort
 - Effort required to pre-qualify subs as directed by Statutes
 - Preconstruction services

Single Prime Contracting

- **Amount of profit included in bid determined by current market conditions**
- **Potential for Fee/ Profit Increase during project**
- **Lowest Bid may include unqualified subcontractors**

CMAR Delivery Method

Relative Cost of Delivery Methods



***Conclusion** – Owner knows where cost impacts are beginning in design and has opportunity to adjust design/scope to reduce cost before bid.

CMAR Delivery Method Summary & Conclusions

	CMAR	Single Prime
Ability to Select Prime Contractor	Advantage	
Integrated Team Involvement in Design Process	Advantage	
Prequalified Subcontractors	Advantage	
History of MBE Participation	Advantage	
Best Schedule Control – Faster Overall Delivery	Advantage	
Control of Fee/Profit Increases – Change Flexibility	Advantage	
Transparency of Overall Process	Advantage	
Owner Advocate vs. Adversary	Advantage	
Basic, Traditional Process Requires Less Planning		Advantage
Advance Public Justification of Use Not Required (per HB1043)		Advantage
Overhead Cost Applicability for Smaller Projects		Advantage

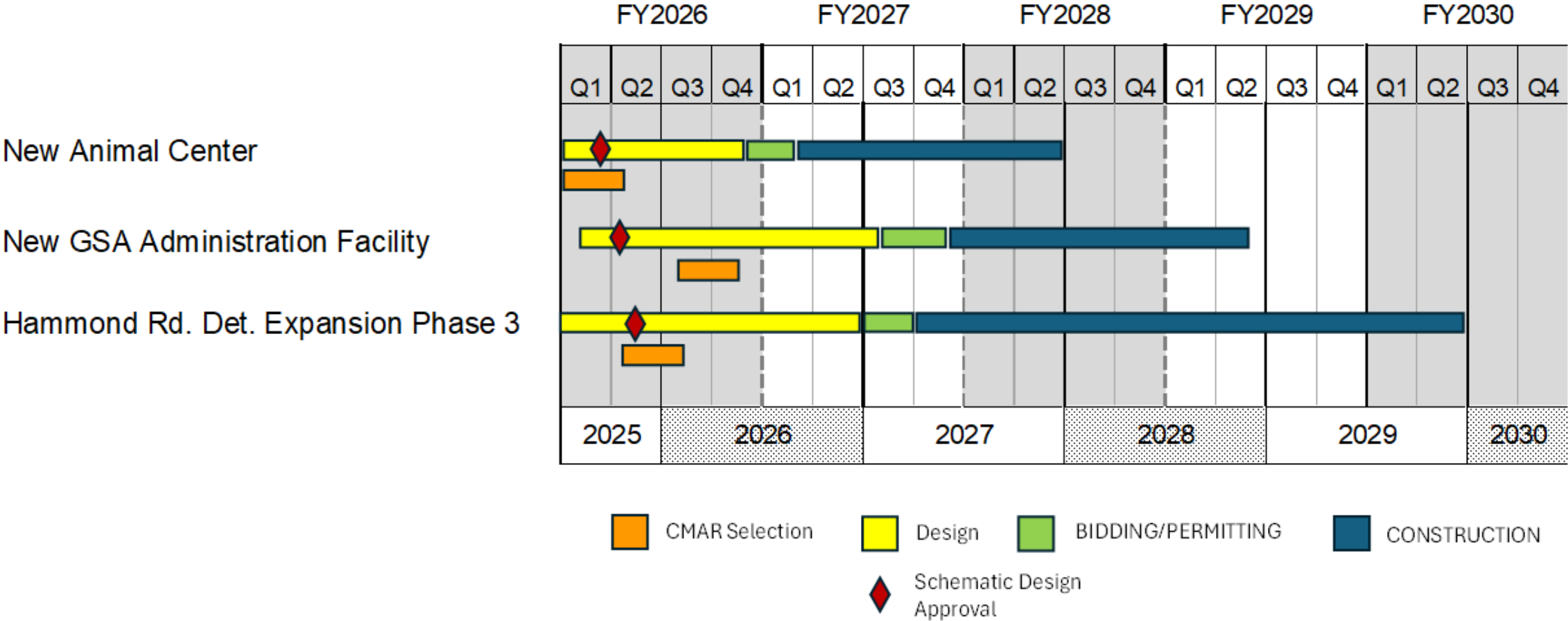
CMAR Delivery Method - Conclusion

- As described throughout this report, the Construction Management at Risk delivery method brings owner, design team and construction professional together during the design phase of the project, in a collaborative effort that carries the project forward through the construction process in an open, and transparent manner.
- The CMAR is selected by the Owner through a qualification based process, and is therefore committed to the Owner as an advocate, vested in the project during its design, rather than only being introduced to the project in a low bid competition, with no prior knowledge of the project goals, objectives, constraints and challenges.
- For these three projects, the CMAR delivery method is clearly the most appropriate approach. The CMAR model allows for early collaboration between the County, designers, and the construction manager, which is critical to developing workable logistics, ensuring constructability, maintaining tight schedules, and managing cost risk in a high-security environment.

CMAR Delivery Method - Conclusion

- The CMAR approach provides other advantages, including the flexibility to bid components of the project at different times, such as an early bid package for site work, which may enable fast-tracking of the schedule. While there is some additional cost for preconstruction phase services during design, the cost and schedule planning expertise these services provide, brings value to the project which will ultimately yield a higher quality product and enhanced timeliness in project delivery as well as predictable cost control. Therefore, staff recommends the CMAR approach for this project.

CMAR Delivery Method: Preliminary Schedule



** Schedule shown above is preliminary for illustration purposes; dates are subject to change



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