

Item Title: Approval of Construction Contract with Construction Manager at Risk for Cary Regional Library and Downtown Cary Parking Structure and Second Amendment to Memorandum of Understanding

Specific Action Requested:
That the Board of Commissioners:

1. Approves Guaranteed Maximum Price (GMP) #1 Contract in the amount of \$23,730,816 with the previously selected Construction Manager at Risk, Balfour Beatty Construction of Raleigh for building construction work for the Cary Library and Downtown Parking Structure, contingent on approval of Second Amendment and appropriation of funding required by Second Amendment by Cary Town Council on February 22, 2018;
2. Authorizes the Chairman to execute contract documents with Balfour Beatty Construction establishing the terms, conditions, and GMP #1 amount of \$23,730,816; Said contract documents to be reviewed and approved by the County Attorney;
3. Authorizes the County Manager to execute the Second Amendment to the previously approved Memorandum of Understanding with the Town of Cary for design and construction of the Cary Regional Library and associated Town of Cary Parking Deck, subject to conditions acceptable to the County Attorney, and to take actions contemplated by Second Amendment;
4. Accepts and appropriates initial payment of \$750,000 from the Town of Cary for final engineering of the Cary Parking Deck, with remainder of balance due to be paid upon execution of subsequent Interlocal Agreement; and
5. Reallocates and appropriates \$1,900,000 from North Hills Library account and 2007 General Obligation Bonds per attached Budget Memo.

Item Summary:

On March 21, 2016, the Board of Commissioners approved a Memorandum of Understanding (MOU) with the Town of Cary for development of the Cary Library Project. In accordance with this MOU, County staff has worked closely to collaborate with Cary Town staff through the development of the library design and for an associated Town-owned parking deck to be located adjacent to the library. This parking deck will provide parking for library staff and patrons and accommodate parking for the Cary Arts Center, a newly constructed Town performance space, a future park and a future adjacent private development. Schematic design for the project was approved by the Town and by the Board of Commissioners in September 2016. A subsequent amendment to the MOU was approved by the Board on November 21, 2016.

This project includes construction of a two-story 24,000 SF library with a partial ground floor for library maintenance service. The ground floor will also include additional space

for restrooms to serve citizens that attend events in the Town's public performance space northwest of the library, as well as visits to the park or other venues downtown. Construction of shell space for future use is also included on this floor. The Town will contribute funding for construction of this additional space. Total area of the library building will be approximately 31,000 SF.

The parking deck to be constructed in conjunction with the library, was originally proposed to be 340 spaces, but the scope was expanded to 600 spaces at the request of the Town, as support for an adjacent private development opportunity that is currently evolving. An allocation of 120 of these parking spaces will be provided for library patrons. The County is contributing \$1,000,000 toward the engineering and construction of the parking deck, in accordance with the MOU.

On March 6, 2017, the Board of Commissioners approved the Construction Manager at Risk (CMAR) delivery method for construction of the Cary Regional Library and Downtown Parking Structure, based on concluding that this delivery method is in the best interest of the project, in accordance with NC General Statutes. On April 17, 2017, the Board approved the selection of Balfour Beatty Construction Company as the Construction Manager at Risk (CMAR) for this project, following a publicly advertised selection process.

On November 14, 2017, construction bids were accepted by the CMAR for the major trade packages, which form the basis of a Guaranteed Maximum Price contract, or GMP. While the majority of bid packages were opened on that date, there were several bid packages with an insufficient number of bidders. Therefore, in accordance with State statutes, these packages were rebid on November 28. The Guaranteed Maximum Price contract will be known as "GMP #1" and includes the following trade contracts:

Grading & Excavations	Site Utilities
Site Concrete	Landscaping
Asphalt Paving	Deep Foundations
Concrete	Precast Concrete Parking Deck
Architectural Precast Panels	Masonry
Structural Steel and Wood Structure	Carpentry & Millwork
Waterproofing & Sealants	Roofing
Exterior Metal Wall Panels	Glass & Glazing
Door/Frames/Hardware	Interior Wall Framing & Drywall
Hard Tile Walls & Floors	Terrazzo
Carpet and Resilient Flooring	Acoustical Ceilings
Painting	Building Specialties
Signage	Window Treatment
Elevators	HVAC
Plumbing	Fire Sprinkler
Electrical	Temporary Fencing
General Trades	Final Building Cleaning

For the library alone, the total cost of bids received was approximately \$11.4 million. This is significantly higher than the prebid estimate of \$8.86 Million. Staff together with the construction manager and design team underwent an extensive value engineering process to lower the cost of the project. After careful consideration, County staff selected items resulting in a reduction of \$628,535, for the library. This still results in a shortfall of approximately \$1.9 Million. The design team, construction manager and County staff concluded that without reducing the square footage of the facility, reducing quality of

materials or compromising functional/ programmatic goals for the library, the original budget for construction cannot be met.

At the Board Work Session on February 12, 2018, staff presented a reallocation plan for Library Bond funds appropriated for various library projects. Staff explained the extensive pressures on construction budgets due to extreme cost escalations in the local construction market. These escalations are due most significantly to shortages in skilled labor for masonry, plumbing, electrical and mechanical work, escalations in materials costs, and continued steep costs in all sitework disciplines, due to extensive infrastructure workloads.

The Board endorsed Staff's recommendation to reallocate and appropriate \$1,900,000 from North Hills Library (\$1,517,000) and 2007 General Obligation Bonds (\$383,000). This appropriation will elevate the budget to equal the projected cost for the library.

Total amount of the GMP contract is \$23,730,816. As previously described, the County is contributing \$1,000,000 to the total project cost of the parking deck, with \$933,736 applied to construction. The Town will contribute \$525,000 to the construction cost of the library to account for their portion of the library ground floor area. With those contribution adjustments, the total amount of the County's portion of the cost for construction of this project is \$11,125,407.

The Town of Cary will pay for most of the cost of the parking deck and for their contribution towards the cost of their portion of the library on the ground floor. The Town of Cary's portion of this GMP contract for construction is \$12,605,409. Parking deck bids received were within budget. The Town of Cary shall also be responsible for any increase in costs of construction due to added scope to the parking deck.

The GMP contract award amount is based upon the lowest responsive bids received from trade contractors, general conditions costs, CMAR contingency (2%), and CMAR fee (3.25%), as well as previously referenced value engineering credits. Minority contractor participation is approximately 16.3% of the CMAR contract amount for the project. Reference the attachments for breakdown of the CMAR contract, trade contractor bid tabulations, and listing of minority participation by trade contract.

A draft of a Second Amendment to the Memorandum of Understanding is also attached for approval by the Board. Due to the previously referenced changes to the scope of the parking deck, this amendment is a bridge document that covers redesign and engineering to expand the parking deck and its corresponding increased budget, and allows the County to execute the GMP contract with the CMAR. Pursuant to the Amendment, the Town of Cary will make an initial payment to the County of \$750,000. The Town's total cost from this point forward, including initial payment will be \$13,945,409 to cover all currently identified additional costs for their portion of the project. To date, the Town has paid the County a total of \$843,721. The MOU and its amendments will be replaced by a more detailed Interlocal Agreement, which will be brought back to both the Board and Cary Town Council for approval and execution in March.

Approval of the referenced Second Amendment to the MOU, GMP contract and appropriation of funds from the Town of Cary will be contingent on approval by Cary Town Council at their February 22, 2018 meeting.

Given various preliminary activities necessary, including building plan revisions to the library to align with value engineering credits, updated permits, materials submittals and other early site preparations, construction is scheduled to begin in April. The project is anticipated to be completed and ready for Grand Opening in late summer/early fall 2019.

Attachments:

1. Power Point Presentation
2. Construction GMP # 1 Cost Summary
3. Minority Participation Report (by Trade Contract)
4. Bid Package Tabulation
5. DRAFT of Second Amendment to the Memorandum of Understanding
6. Budget Memo