

**CAPITAL PROJECTS ADVISORY REVIEW BOARD
PROJECT REVIEW COMMITTEE - PANEL
Northwest Carpenters Facility
25120 Pacific Highway South
Kent, Washington
November 29, 2007
11:20 AM**

Minutes

MEMBERS PRESENT

Christy Trautman, King County
Dave Marberg, University of Washington
Mike Shinn, Shinn Mechanical
Gary Arndt, P.E., Parametrix

Rick Benner, Western Washington University
Tom Balbo, Ferguson Construction, Inc.
Phil Lovell, Turner Construction NW
Bob MacIssac, Port of Seattle

STAFF, GUESTS, PRESENTERS

Roland Orr, GA
Bob Dixon, GA
Cheri Lindgren, Puget Sound Meeting Services
Dan Chandler, P.E., AIA, Olympic Associates Co.

Nancy Ousley, Assistant City Manager
Edward Weinstein, Weinstein AIU Architects + Urban
Jon Mikhels, Weinstein AIU Architects + Urban

Welcome & Introductions

Christy Trautman called the Project Review Committee (PRC) panel meeting to order at 11:20 a.m. Ms. Trautman outlined the project application review process. Everyone present provided self-introductions.

Project Application Review for GC/CM – City of Kenmore – Kenmore City Hall Project

(Panel Chair Christy Trautman, Panel Members Bob MacIssac, Dave Marberg, Tom Balbo, Rick Benner, Phil Lovell, Gary Arndt, and Mike Shinn)

Dan Chandler, Managing Principal, Olympic Associates Company and City of Kenmore's project management consultant, distributed copies of the PowerPoint presentation and answers to questions posed by panel members prior to the meeting. Mr. Chandler introduced Ed Weinstein, Nancy Ousley, and Jon Mikhels.

Nancy Ousley, Assistant City Manager, City of Kenmore, reviewed information on the City of Kenmore. The City's population is 20,000 people. Kenmore will celebrate its tenth anniversary next summer. The City has a small full-time staff and contracts for specific services.

Ms. Ousley described the connection between the City Hall project and several major public and private ventures, investments, and efforts occurring in the near future. Schedule and coordination issues are critical. Kenmore is looking to take advantage of tools available to improve predictability and completion of projects on schedule. Ms. Ousley reviewed Kenmore's development strategy. The City currently does not have a defined downtown area or public spaces that support pedestrian experiences. The City is working to fashion a more robust commercial and housing mix within the area near transit, provide amenities to create a pedestrian friendly downtown, and establish a main

street along NE 181st. Kenmore acquired 10 acres of property in 2007 within the downtown area. The City selected a development group to complete a major mixed use project on the site. The retail component (Phase 1) is scheduled to begin construction in summer 2009. That site includes the interim City Hall. The City has signed an agreement with urban partners to vacate the site in the summer 2009 when construction on the project commences. Downtown Kenmore will be reshaped and will look and function differently. The community supports the proposed changes. The City Hall schedule is pivotal for other projects to move forward in a timely fashion.

The City Hall project is located across the street from the Kenmore Village project. Kenmore Village consists of approximately 500 residential units and 100,000 square feet of commercial space. The project will include community gathering spaces and helps to define the downtown area. Design standards and zoning along 181st will help shape a main street and commercial area. Other major projects scheduled in the immediate vicinity include improvements to State Route (SR) 522, undergrounding utilities, bridge enhancements, improved pedestrian facilities, realignment of the intersection at the City Hall site, a new headquarters building for the Northshore Fire District within one block of the new City Hall, and a new King County Library building just west of the Kenmore Village proposal.

Ms. Ousley described the public input and decision-making process with the City Council. The Council has toured other City Halls and is cognizant about what works well and what doesn't. The public is excited about the City Hall project. The first public workshop was held on November 1, 2007. A key message at the workshop concerned construction of structured parking versus surface parking. The project team is able to meet with the Council on a weekly basis. The General Contractor Construction Manager (GC/CM) methodology provides the best opportunity to meet program objectives including schedule and coordination aspects.

Ed Weinstein provided information concerning his architectural firm. The organization is currently working on a broad cross-section of public and private sector projects. Weinstein Architects is working with Tom Balbo and Ferguson Construction on another office building. Mr. Weinstein described the organization's relevant and current GC/CM construction experience.

The Kenmore City Hall project scope consists of a 22,000 square foot facility, structured parking, Leadership in Energy and Environmental Design (LEED) Silver designation (or higher), and is designed to enable future expansion and meet essential facility standards. An aerial photograph of the future City Hall, future development, and Lake Pointe Development proposals was displayed. Mr. Weinstein pointed out the future City Hall site at the intersection 68th and 181st, which is the epicenter of redevelopment within downtown Kenmore. All the projects within the immediate vicinity influence one another. Scheduling and coordination activities are critical.

Mr. Weinstein reviewed site strategy. A concept perspective of the proposed City Hall and public plaza was presented. He reviewed program elements.

Mr. Chandler said the GC/CM strategy supports a fast schedule, enhances coordination, improves phasing and scheduling, supports critical design decisions, and reduces risk and improves predictability. Budget and funding elements were reviewed. The total budget equals approximately \$20 million, which includes land. The budget is adequate. Funding resources include available capital funds including proceeds from the sale of City property to the Kenmore Village project. The base financial plan and contingency plans are in place if sale of the property is delayed or altered to allow the City Hall project to proceed.

Schedule elements and milestones were presented. Site selection/land acquisition was completed in July 2007. Construction of City Hall is scheduled to begin in August 2008 with completion in July 2009. The agreement with Kenmore and urban partners provides an option to lease the existing City Hall structure for an additional six months if the July 2009 completion date for City Hall is not attained.

Mr. Chandler reviewed management and design team members and respective construction experience. Mr. Chandler said he lives in Kenmore, is active in the community, and is available to manage the project. Construction Manager Nicole Brown possesses 20 years of construction industry experience.

Mr. Marberg asked whether the City Council will be able to respond quickly to emergent issues and make important decisions in a timely manner, which is critical. Ms. Ousley replied that the Council was briefed on the project schedule and key decision points. The project team has good access to the City Council. The seven-member City Council is very engaged in the project at the appropriate level of detail.

Mr. Marberg asked whether Ms. Brown will dedicate 100% of her time to the City Hall project. Mr. Chandler replied Ms. Brown will spend approximately one-half of her time on the project. He estimated that 10% of his time will be allocated to the project; however, his schedule is flexible to accommodate additional time as needed.

Mr. Marberg asked how many spaces are proposed for the underground parking structure. Mr. Mikhels said there will be 50 parking spaces.

Mr. Marberg asked whether the program area is situated on top of the underground parking structure. Mr. Mikhels said the underground structure floor plate is identical to the above ground structure. Additionally, he illustrated an example of the City Council's ability to timely respond.

Discussion ensued about the design budget compared to the overall budget. Mr. Mikhels said an initial assumption was that a predesign effort was in Kenmore's best interest. There is sufficient budget to handle staffing to meet the proposed schedule.

Mr. Benner asked how the project team will be apprised on the status of other projects that could impact City Hall construction. Mr. Chandler explained the SR 522 project is out to bid now, which affects the realignment of 181st and widening of 68th. SR 522 is scheduled to occur first followed by Kenmore City Hall and Kenmore Village. Constraints for each contract are well defined. If realignment of 181st is delayed, the contingency plan provides for Kenmore to occupy City Hall.

Ms. Ousley added she and Kenmore Village staff currently engage in weekly conference calls. A good, strong connection has been established.

Mr. Mikhels reported project proponents are working to utilize similar consultants and coordinate State Environmental Policy Act (SEPA) and traffic analysis reviews with Kenmore staff.

Mr. Lovell asked where the access points are located to the underground parking garage. Mr. Weinstein pointed to two access points on an overhead site plan. One is from 181st and another from

the surface parking area. He outlined the footprint of the garage, which is directly underneath the program area.

Referring to the proposed budget, Mr. Lovell asked about preconstruction funds and the amount. Mr. Chandler responded that approximately \$100,000 is allocated for preconstruction services within the construction cost budget. Mr. Lovell indicated he has some concerns about the preconstruction services budget.

Mr. Balbo said he doesn't fully understand the total project scope and asked the team to elaborate on the scope of work (SOW). Mr. Chandler said the SOW has not been released. The City is prepared to advertise next week based on the PRC's approval of the project application. The SOW includes site, building, and parking. The biggest variable is the public plaza. If the City is able to save money on the construction of a City Hall, the Council is likely to approve construction of a public plaza with the remaining funds. The intent is to validate assumption costs and schedule with the GC/CM as soon as that person is brought on board.

Mr. Balbo said the schedule provides for one day for the GC/CM to develop a fee proposal. Mr. Chandler responded that more time will be available. The goal is to hire a GC/CM by January 15, 2008. Approximately four to six weeks is available for GC/CM selection.

Discussion followed about the driving force behind LEED certification. Mr. Balbo commented that a GC/CM will need LEED experience. Mr. Chandler said LEED certification experience will be a criterion used in the selection process.

In response to a request by Mr. MacIssac, Mr. Chandler described Ms. Nicole's GC/CM experience.

Mr. Marberg said the schedule indicates negotiating the Maximum Allowable Construction Cost (MACC) after the bidding activity. Mr. Chandler said the statute has changed to allow negotiating the MACC after 90% construction. The team anticipates releasing major bid packages (mechanical, electrical, structural) and obtaining subcontractor bids and negotiating the MACC with the primary contractor.

Mr. Benner asked about the value the owner will gain by hiring the GC/CM in mid-January, which appears to be in the middle of design development. Mr. Chandler said the schedule was updated last week. A goal is to deliver schematic design drawings to the GC/CM in mid-January. The owner feels good about the numbers. There is time for decisions with input from the GC/CM at the end of schematic design. Value judgments will be made along the way.

Mr. Benner asked if the City has moved schematic design completion back to align with the GC/CM. Mr. Chandler affirmed that the City has.

Panel Chair Trautman asked about the schedule for selection of the GC/CM in light of the upcoming holiday season. She asked Mr. Chandler to describe the selection process. Mr. Chandler said the intent is to use a traditional two-step process that includes soliciting Request for Qualifications (RFQs) with a two-week response deadline from contractors interested and qualified to complete the project. A selection committee will include team members in attendance, as well as Kenmore's City Manager. It's unknown whether elected officials will participate. A short list of applicants will be notified by December 15, 2007 with interviews taking place in early January 2008. The City's fee requests are

straightforward and simple. If additional time is needed, there is time contingency available at the end of the schedule.

There were no public comments regarding the project application.

Panel members deliberated a decision on the application request. Additional comments included:

- University of Washington just negotiated the MACC at 90% construction drawings. The process does work. Kenmore has described the project well. Pricing looks good.
- This is a fairly straightforward project; however, it's important not to short change preconstruction. Preconstruction is probably the most single important element of the GC/CM delivery method.
- The budget seems to be in order. Adding an underground parking garage certainly complicates the project. A team that has worked on a proposal for a period of time is invested in the project. A concern is with the current economic environment and aggressive schedule and transferring responsibility to the GC/CM to deliver the project. Problems occur when a GC/CM estimate comes back over budget or the owner is told it can't do specific items that in turn impact the budget and schedule. The contractor will be on the hook for those types of considerations when signing the MACC and bidding the job. The GC/CM is taking on financial risk. A key worry is whether the City Council will be able to deal with uncertainties and contingencies. The Council will rely on the project team. Based on required estimating, scheduling, and planning needs, preconstruction costs could vary between \$150,000 and \$200,000 compared to \$100,000. It appears the project could benefit from the GC/CM methodology. When surprises occur, the first thing that happens is the project slows down especially when the public and council are involved.
- The schedule is tight and will require a heavy GC/CM connection.
- A full-time construction manager will be required from the onset. There are too many ancillary activities occurring. Allowing for a substantial contingency over and above a typical project is prudent. The owner should examine the schedule so the design team is not compressed.
- The project proposed is not typical. A concern is that decisions are made immediately when issues emerge.
- Utilizing the GC/CM Alternative Public Works (APW) delivery method is the only likely success; however, the owner shouldn't rely on the GC/CM methodology to ensure a successful project. GC/CM will not solve all schedule or complexity issues. It's the best method given the conditions outlined.
- Keeping the architect engaged in the process is crucial.
- It might be valuable if the City extends signature authority up to a certain dollar threshold to the GC/CM versus obtaining approval from the City Council. Coming back to the City with each change order will add time and money to the project.

The panel voted and unanimously to approve the City of Kenmore's project application for GC/CM for its City Hall project.

Other Business

Panel Chair Trautman reported the PRC will meet again in January 2008.

Mr. Orr conveyed he will see that PRC Chair Rodger Benson receives the panel's project evaluation forms.

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Members discussed whether materials submitted by project applicants are retained and information accessible through the internet. Mr. Orr explained that the Department of General Administration posts the applications and approvals on the Capital Projects Advisory Review Board's (CPARB) website, but not the supporting documentation.

Mr. Orr said that he will be stepping down his support role to the PRC. Mr. Dixon, Assistant Deputy Director, has been assigned to support the committee.

Adjournment

With there being no further business, Ms. Trautman adjourned the meeting at 12:22 p.m.

Original Signed

Christy Trautman, Panel Chair

Prepared by Cheri Lindgren, Recording Secretary
Puget Sound Meeting Services