



Downers
Grove
Park District

your chance to play

Construction Management Services

McCollum Park Infrastructure Renovation

Overview and Recommendations



Background

- January 26th memorandum to Board regarding ongoing staff evaluation of potential project “delivery methods” with respect to:
 - Large and small projects
 - District’s typical use of a “general contractor” delivery method
 - Completion schedules
 - Change orders
 - Budgets
 - Quality

Primary Factors To Consider Change

- Quality of the District's contractor experiences
- A changing market

Quality of District's Contractor Experience

A Range Of Experiences and Results

■ Positive experiences

- Barth Pond Shoreline Improvements (ongoing)
- Fishel Park Bandshell (ongoing)

■ Challenging experiences

- Washington Park IGA Improvements (managed by Village staff)
- McCollum Park IGA improvements (managed by Village staff)
- Doerhoefer Park synthetic field

Changing Construction Market

- Downturn in economy
- More competition
- Larger firms pursuing small projects
- Narrowing profit margins
- Potential risk
 - Diminished quality
 - Compromise in schedule
 - Contractor financial failure is increased

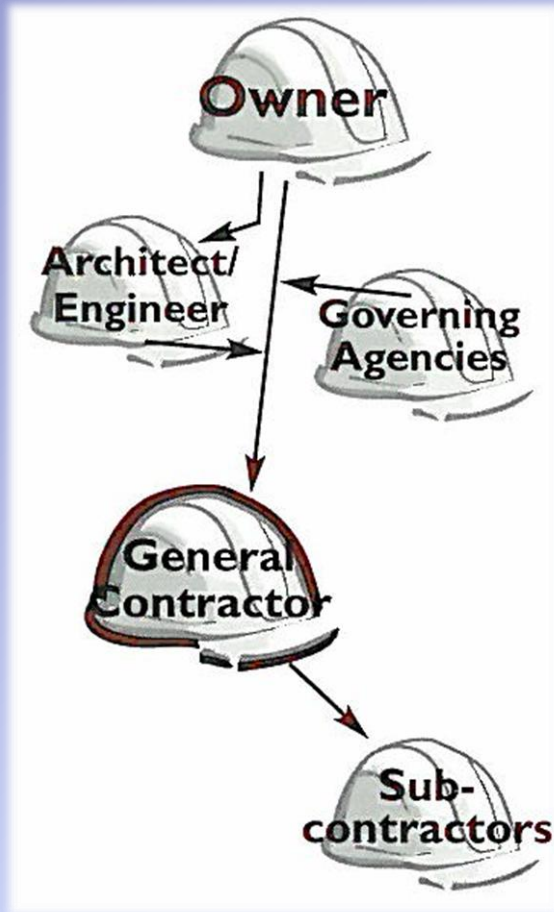
Delivery Method Comparison

- General Contractor
- Construction Management (Agent)
- Construction Management (At-Risk)
- Design/Builder

DELIVERY SYSTEM COMPARISON

Contractual Issues	General Contractor	CM (Agent)	CM (At-Risk)	Design/Builder
Number of Owner Held Contracts	SINGLE	MULTIPLE	SINGLE	SINGLE
Holder of Trade Contracts	GC	OWNER	CM	DB
Primary Risk Exposure	GC	OWNER	CM	DB
Risk Insurance	Through Bonding & Retainage on GC	Through Bonding & Retainage on Trades	Through Bonding & Retainage on CM	Through Bonding & Retainage on DB
Owner's Contractual Authority	Over GC Only	Over Trades	Over CM Only	Over DB Only
Construction Provider's Fiduciary Responsibility	To PROJECT	To OWNER	Initially to the Owner, upon final price switches to PROJECT	Initially to the Owner, upon final price switches to PROJECT
Extent of Owner's exposure for scope gaps between trades	LOW	HIGH	MODERATE	LOW
Responsibility to disclose information relevant to Owner's Interest	NO	YES	Initially Yes, Later No	Initially Yes, Later No
Responsibility for construction means and methods	GC	TRADES	CM	DB
Cost Issues				
Cost Commitment	HARD DOLLAR BID	BUDGETS	GMP/Lump Sum	GMP/Lump Sum
Cost Guarantees	Only on defined scope	NONE	GMP/Lump Sum	GMP/Lump Sum
Opportunity to Review Trade Contract Bids	CLOSED	OPEN	OPEN or CLOSED	OPEN or CLOSED
Incentive to decrease total project cost	NONE	HIGH (to obtain future work)	Moderate (through savings clause)	Depends on contractual arrangement
Realization of Cost Savings	GC	OWNER	SHARED	Depends on contractual arrangement
Typical Overall Project Cost	HIGH	LOW	MODERATE	MODERATE
Schedule Issues				
Time Guarantees	YES	NO	YES	YES
Responsibility for Schedule Enforcement	GC	OWNER	CM	DB
Early Construction Start Potential	LOW	MODERATE	MODERATE	HIGH
Fast Tracking Possibility	NO	YES	YES	YES
Miscellaneous				
Contract Administration Responsibility	GC	OWNER	CM	DB
Owner Administrative Involvement	LOW	HIGH	MODERATE	MODERATE
Owner Involvement In Monitoring Construction	HIGH	LOW	MODERATE	HIGH

General Contractor Method



- Contractor Scope of Services
 - Subcontractor Coordination
 - Schedule Management
 - Material Procurement
 - Construction Safety Management
 - Guarantee and Warranty Management

General Contractor Method

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Advantages

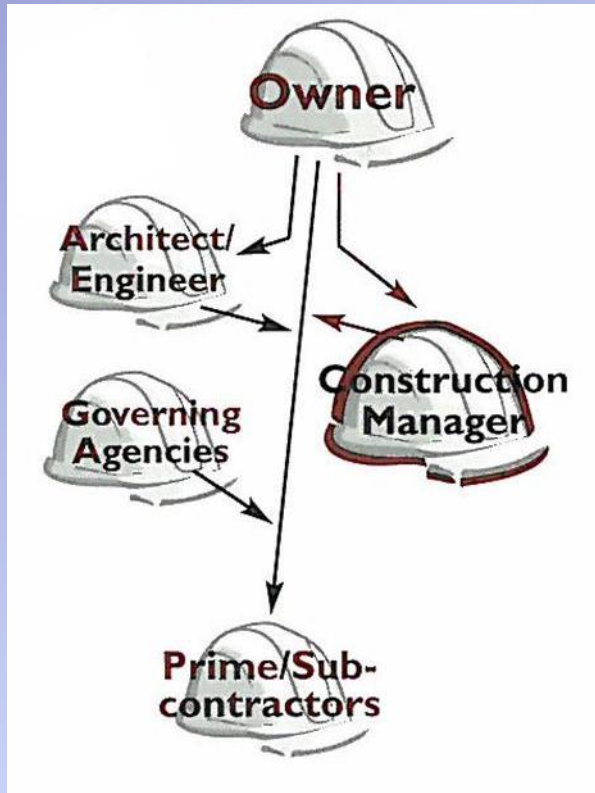
- Owner has a single contract
- Reduces owner liability for construction risk (gaps)
- Establishes clearly defined price and schedule

Disadvantages

- Heavy dependence on a well defined project scope
- Owner must resolve change order issues
- Owner rarely recognizes savings from construction efficiencies
- Owner may need assistance for providing quality assurance

Construction Management (Agent)

■ Construction Manager Services



- Program Development
- Cost Estimating, Budget Development and Control
- Schedule Development and Control
- Constructability and Value Reviews
- Project Team Selection and Coordination
- Contract Management and Administration
- Quality Assurance

Construction Management (Agent)

Advantages

- Owner has “construction management” professional acting as Agent
- CM agent helps to achieve optimum value and constructability
- Owner retains control while delegating management to Agent
- More intense management and supervision
 - Reduce budget overruns
 - Allows for “fast tracking”
 - Desired value achieved

Disadvantages

- Multiple construction contracts (gaps in scope of work between subcontractors)
- Some potential for Owner to be involved in A/E, CM and subcontractor disputes

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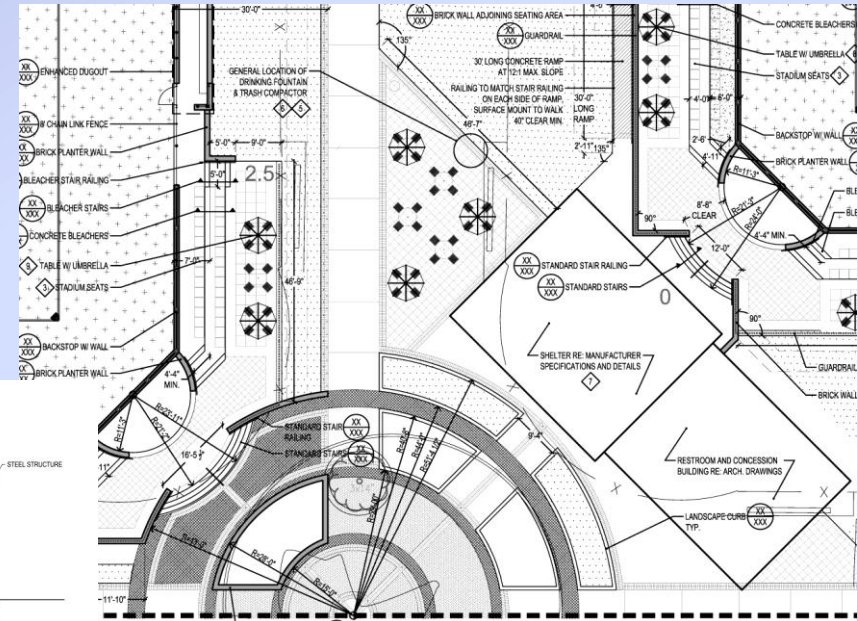
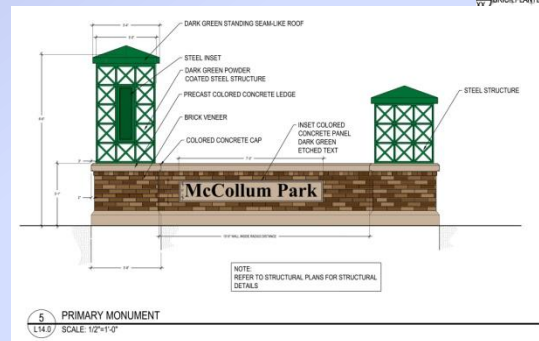
Example of Costs Associated With Delivery Systems

	General Contracting	CM Agent
<ul style="list-style-type: none"> ■ Estimated Hard Costs of Construction (labor, materials, equipment, subcontractors) <ul style="list-style-type: none"> □ Total Hard Cost of Construction 	\$2,530,000	\$2,530,000
<ul style="list-style-type: none"> ■ General Conditions (site supervision, staging, logistics, mobilizations, etc.) <ul style="list-style-type: none"> □ Pre-Construction Services □ General Conditions cost to Contractor 	N/A \$ 126,500	\$ 25,300 \$ 126,500
<ul style="list-style-type: none"> ■ Contractor Mark-up <ul style="list-style-type: none"> □ Mark-up on Self-Performed Work □ Mark-up on Subcontractors □ Prime Contractor Insurance, Administration, OH&P, Risk 	N/A \$ 126,500 \$ 126,500	N/A N/A N/A
TOTAL PROJECT COST	\$2,909,500	\$2,681,800
<u>Total fees as a percentage of total project cost</u>	13%	5.7%

Overview

Construction management (as Agent) becomes the preferred delivery method / system when assessing:

- ❑ Schedule
- ❑ Cost
- ❑ Quality



Proposed Schedule

- February 3, 2011 Board Meeting discussion of delivery methods
- February 7, 2011 Send out Request for Qualifications (RFQ)
- February 14, 2011 Receive Firm Qualifications
- February 17, 2011 Staff evaluation of Qualifications completed
- February 18, 2011 Send out Request for Proposals (RFP) to Finalist Firms
- February 28, 2011 Receive Proposals
- March 4, 2011 Firm interviews completed
- March 9, 2011 Staff recommendation complete
- March 17, 2011 Board consideration of RFP's and Staff recommendations

Staff Recommendations

The Park Board:

- Select “Construction Management” (Agent) be utilized as the preferred construction delivery method for McCollum Park Infrastructure Renovation and other proposed FY 2011-12 Capital Projects
- Acknowledge Construction Management Services are an exception by nature and are not adaptable to competitive bidding, as defined by the applicable state law and per the Park District’s attorney’s advice
- Authorize staff to bring forward information and recommendations relative to the procurement of Construction Management Services associated with McCollum Park infrastructure renovation improvements.

Questions and Answers

