



May 8, 2020

TO: CADA Board of Directors

SUBJECT: **May 15, 2020 Board Meeting**
AGENDA ITEM 5
8R9 PARKING STRUCTURE PROGRESSIVE DESIGN-BUILD SERVICE
AGREEMENT

CONTACT: Todd Leon, Development Director
Wendy S. Saunders, Executive Director

RECOMMENDED ACTION:

Staff recommends that the Board adopt the attached resolution which:

1. Approves amending the FY 2019/20 budget to reflect an increase of \$1,031,330 in contract expenses and reimbursement revenue for the 8R9 Parking Structure.
2. Authorizes the Executive Director to enter into a Progressive Design Build Agreement with an option for a Guaranteed Maximum Price Agreement with McCarthy Building Companies to construct the 8R9 Parking Structure.

BACKGROUND

On June 23, 2017, the CADA Board of Directors approved an MOU between the Department of General Services (DGS) and CADA regarding CADA development of a parking structure on State-owned property located on the north side of R Street between 8th and 9th Streets ("Project") to serve State of California employees and the general public. The Project is planned to include approximately 800 parking spaces and 12,000 square feet of ground floor retail space.

The Project was authorized in the 2017-2018 State of California Budget and codified in California Government Code Section 14678.7. Financing of the Project through the California Infrastructure Bank ("IBank") was also authorized. The authorization caps the project financing cost at \$30 million.

On December 08, 2017, the CADA Board adopted a Mitigated Negative Declaration that analyzed the Project pursuant to CEQA. The Project architect, IPD, also completed Project schematic design.

On September 28, 2018, the CADA Board approved an amendment to the MOU between DGS and CADA that specified the parties' responsibilities related to planning, financing and constructing the 8R9 Parking Structure.

In June 2019, the State Legislature authorized an additional \$10.7 million in funding to be used for the parking structure to address increases in project costs since 2017, bringing the project budget to \$40.7 million.

On April 1, 2020, the City of Sacramento and the California Department of General Services executed an amendment to the CADA Joint Powers Agreement (JPA) to extend the termination date of the JPA

from July 1, 2042 to July 1, 2055, a step that was necessary for CADA to participate in the planned IBank financing.

On March 5, 2020 Staff released a Request for Proposals (RFP) to solicit qualifications and proposals from General Contractors (GC) for progressive design-build services to complete the design and construct the 8R9 Garage Structure. The RFP announcement was sent to regional and national building trade organizations and job listing services. The RFP and all attachments were available on the CADA website. Staff used a video and phone conference call to host a RFP pre-submission meeting on March 26th. Submissions were due on Friday, April 10th. CADA received RFP submissions from McCarthy Building Companies, Otto Construction, Overaa and Swinerton.

On April 23rd and 24th, a selection committee consisting of Michael Meredith, Capital Outlay Program Manager for DGS; Wendy Saunders, Executive Director; Todd Leon, CADA Development Director; and David Nystrom, CADA's project consultant and Owner's representative, interviewed the four firms that submitted RFPs. The committee recommended the selection of McCarthy Building Companies for the project.

ANALYSIS

Selection Committee Recommendation

The selection committee used the following criteria to review the proposals and make a recommendation.

- Past Parking Structure Experience 35%
- Past Experience with DGS/SFM/DSA 20%
- Proposed Fee/Overhead/General Conditions 15%
- Past Experience with IPD 10%
- Proposed Project Team 10%
- Schematic Level Cost Estimate 5%
- Schematic Level Project Schedule 5%

The selection committee was impressed with all the proposals and noted that all four teams had the expertise to build the 8R9 project. Each team clearly demonstrated excellent experience in design-build work and constructing parking structures for both private and public clients. McCarthy, however, distinguished itself from the other firms with its vast experience working through the State of California's permitting system and collaborating with IPD, CADA's parking design consultant. Given the need for the project to move quickly through design and permitting stages of the project to expedite completion of the parking structure, this was an important distinction among the proposals. McCarthy also placed high in the other selection criteria when compared to the other firms which helped solidify the committee's selection.

Scope of Work

The Progressive Design Build contract will occur in two phases – Project Design/Pre-Construction and Construction, as summarized below. The draft contract can be found as **Attachment 1**.

Phase 1 – Project Design/Pre-Construction

Upon execution of the contract with CADA, McCarthy, as the GC, will immediately establish a contract with IPD, the project architect, and begin working with CADA to completing the Design Development and Construction Drawings for the project. During the Design Development Phase, the project team will begin outreach to utility companies and the City to coordinate demolition of the existing building on the site and bringing new utility services to the parking structure. Geotechnical studies and a hazmat investigation of the existing building will also be performed during this phase. As is typical with projects to be permitted by the State, a third party consultant will be hired to peer-review the construction plans before they are submitted to the State.

The GC and CADA will next work together to obtain building approvals and permits through the State Fire Marshal's Office, the Department of the State Architect, and DGS. CADA will secure off-site improvement plans, traffic plans, and utility service agreements during this phase from the City and from utility service providers. The existing building on the project site may also be demolished during Phase I. At the last part of this phase, McCarthy will prepare the Guaranteed Maximum Price Proposal (GMP), which will include all subcontractor bidding.

Phase 2 - GMP and Project Construction

Upon receipt of the McCarthy GMP proposal, Staff will review and make a recommendation to the Board. If the Board accepts and approves the GMP, the design build contract will be amended to add construction of the project, and project construction will commence. If the GMP price is not acceptable, CADA may elect to work with McCarthy to achieve an acceptable price or terminate the contract.

Schedule

The proposed schedule for the project design, permitting, and construction is shown in **Table 1**.

Table 1 – Schedule of Performance

Deliverable	Dates
Complete Design Development and CD's	May 2020 to August 2020
Complete Permit Processing	August 2020 to December 2020
Complete and Approve GMP	September 2020 to October 2020
Construction	November 2020 to February 2022

FINANCIAL IMPACT

Following CADA Board approval, CADA will enter into an agreement with McCarthy to provide Progressive Design Build Services to complete the garage design and permitting phase. Staff was informed by McCarthy that this phase of the contract will cost approximately \$1,031,330. Upon completion of Phase I, if CADA finds McCarthy's proposed GMP acceptable, the GC contract with McCarthy will be amended upon approval by the Board. CADA's budget will be amended at that time to reflect the full cost of the project, along with the offsetting project funding sources.

CADA's budget must be amended at this time to reflect the cost of the first phase of the McCarthy contract and the reimbursement revenue to be provided by the State. CADA's MOU with DGS includes reimbursement of all costs to the project including pre-development and construction of the parking structure. CADA has been invoicing and receiving reimbursement for projects costs to date. Since the GC contract and associated work is significantly more costly than pre-development expenses CADA has incurred to date, CADA will require monthly reimbursement of costs to assure the project does not impact CADA's cash flow and CADA's obligations under the GC contract.

CONTRACT AWARD CONSIDERATIONS

Staff recommends the Board authorize the Executive Director to approve the progressive design build agreement with an option to enter into a guaranteed maximum price agreement with McCarthy Building Companies to construct the 8R9 Parking Structure. Execution of this agreement requires Board authorization as it exceeds the Executive Director's \$50,000 professional services contract authority.

ENVIRONMENTAL REVIEW

The action before the Board at this meeting is not a project as defined by the California Environmental Quality Act.

Attachments:

1. Progressive Design-Build Services Agreement With An Option For A Guaranteed Maximum Price Agreement