

## CAPITAL PROJECTS ADVISORY COMMITTEE

### Minutes of the December 10, 1996 Meeting

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A regular meeting of the Capital Projects Advisory Committee was held on Tuesday, December 10, 1996 in the Administrative Complex Conference Room #59, 2621 Northgate Lane, Carson City, NV at 5:30 p.m.

**PRESENT:** Chairperson Gary Sheerin  
Jenny Lopiccolo  
Richard Baker  
Kevin Honkump  
Ed Moran  
Craig Mullet  
Ron Swirczek

**STAFF:** John Berkich, City Manager  
Jay Aldean, Public Works Director  
Walter Sullivan, Community Development Director  
Barney Dehl, Undersheriff  
Jerry Mather, Chief Deputy Sheriff  
Katherine McLaughlin, Recording Secretary  
(CPAC 12/10/96 1-0000.5)

NOTE - Unless otherwise indicated each item was introduced by Vice Chairperson Lopiccolo. Individuals speaking are identified following the heading of each item. A tape recording of these proceedings is on file in the Clerk-Recorder's office. This tape is available for review and inspection during normal business hours.

**A. CALL TO ORDER AND DETERMINATION OF A QUORUM** - Vice Chairperson Lopiccolo called the meeting to order at 5:30 p.m. A roll call was taken and a quorum although Chairperson Sheerin had not yet arrived. (Arrived at 5:49 p.m.)

#### AGENDA ITEMS

**C-2 DISCUSSION AND POSSIBLE ACTION REGARDING VANIR CONSTRUCTION MANAGEMENT, INC. RECOMMENDATIONS FOR PUBLIC SAFETY/COURTHOUSE COMPLEX PROJECT INCLUDING MATERIALS PRE-PURCHASE, PRE-QUALIFICATIONS FOR THE BID PROCESS, AND OTHER RELATED MATTERS** - (1-0011.5) Bruce Fullerton of DMJM - Mr. Aldean reported that Vanir was not present because of the weather; However, they had sent a fax containing information on the subject. He said Vanir had contacted several people - State of Nevada Public Works, Clark County, a prison director, an architect, and a law office. This was referring to whether or not pre-qualifications would be recommended and basically the answer was no because the pre-qualification is probably not a necessary item on a general contractor. He added they would probably prefer to pre-qualify only some of the specialized items that may be done as far as installation of some of the electrical hardware and things of that nature where it becomes almost proprietary. He noted in summary Vanir is confident that an organized marketing effort during the bidding phase to the contracting community combined with the recommendation noted above would result in the project attracting a number of experienced and qualified bidders to insure that a competent general contractor is awarded the project. He said on the research they have done in regard to pre-purchase of equipment they did not get into a list of that which should be pre-purchased but they are still recommending that it be done. Mr. Aldean felt this is something that can be taken care of pretty easily.

(1-0056.5) Vice Chairperson Lopiccolo expressed her belief that Chairperson Sheerin had asked them to let the Committee know where they were in the contract process as far as the amount the Committee agreed to pay. Mr. Aldean said he had that information in his office and would make copies for the Committee and bring them back shortly. Member Mullet asked that just because there were no other examples precedents set why does the Committee shy away from this sort of thing. He added he was not so sure he agreed that the Committee should not pre-qualify. Member Baker in his experience with the Public Works Board the Attorney General advised that the

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qualifications were that if a contractor is properly licensed and able to provide the required bond that was it with no other pre-qualification to be done.

Chairperson Sheerin arrived at 5:49 p.m. during this discussion.

(1-0101.5) Mr. Fullerton said they do projects around the country and different places can be different. He noted that pre-qualification can be tricky and that contractors have put up the bond money but did not have any idea how to build a building. Chairperson Sheerin referred to Section 338.147 of NRS and felt this was what the whole thing was revolving around. He added that at one time Vanir had recommended doing the pre-qualification but now they were saying it should not be done. Mr. Fullerton advised Chairperson Sheerin that before his arrival there had been a discussion on the pre-purchase of items and he wanted to make sure if the City chooses to pull things out of the general contractor's scope and purchase ahead of time independent of the general contractor they are also losing that full source of responsibility they would have with the general contractor being responsible for everything. He noted that there could be coordination problems and there is a price to be paid for the savings the City might have by negotiating and purchasing on their own. Chairperson Sheerin said he had been advised of the problem and felt it is a big problem. At this point Mr. Aldean returned with the copies of Vanir's synopsis of where they are in their contract. No formal action was taken.

**C-1 DISCUSSION AND POSSIBLE ACTION REGARDING THE CONSTRUCTION DOCUMENTS PHASE OF THE PUBLIC SAFETY/COURTHOUSE COMPLEX PROJECT AND BUDGET RELATED MATTERS INCLUDING THE COST ESTIMATE REPORT** - (1-0169.5) Mr. Fullerton said it appears they are considerably over budget. He said after they got the report they had met with the cost estimator and their engineers are reviewing it as of the day of this meeting. He said as best he could tell at this point it puts them at \$1,300,000 over budget. He added that the cost estimator was being conservative and if the market was favorable it could be as low as \$400,000 over budget. He said as best as he could tell how they got to where they are at the end of the design development phase they had the cost estimate done and said it had proved to be fairly accurate on architectural and structural but specifically on the mechanical and plumbing the numbers they had in that estimate seemed to be quite low. He added now that they have detailed drawings at the end of their construction document phase their cost estimator realized he gave them a number in the design development phase that was too low. He also said their engineers did not catch it when they were checking his estimate. He said another thing was they had done a lot of work in June to select a number of cost reduction items. He added they had assigned dollar amounts to those items and said it does not now appear to him that at this point the cost is reflecting as much of a reduction for those as they had thought they would have. He said they would make recommendations on how they could bring the estimate back down to the budget. He noted they had been scheduled to submit their drawings for plan check as is on December 20 but this is a big impact and he was not sure what decision the City wants to make about that. Member Swirczek referred to the statement made by Mr. Fullerton that the miss was in the mechanical and plumbing area and asked for clarification on what is classified as mechanical, what was the estimate, and how did it get this far off. Mr. Fullerton said the estimate that was done for mechanical was the air conditioning system, the exhaust fans, the cooling tower and chillers, duct work, pipe, and thermostats. He added that the design development estimate was \$1,600,000 and the estimate he had received a week ago was \$2,400,000 but since then their engineers found about \$300,000 they could pull out. On the plumbing the change was \$383,000 and said their plumbing engineer looked at the current estimate and thinks it is pretty accurate. He noted the cuts they took that were not mechanical and plumbing should have been worth about \$800,000 in the design development phase. He said the other money that is not outstanding in their budget was money they thought would be saved but it was not. He hoped as they work with the cost estimator they can find some of the savings he may have missed when they took things out. He commented that the building height got shorter and he was hoping that one of the estimators who did the partitions might not have used a shorter number.

(1-0296.5) Mr. Fullerton then said the problem was all DMJM's and it was their responsibility to make it right and something that impacts them because they have to fix it at their expense. He added they are contractually obligated to being it in on budget. He said it is not a common occurrence to be off as much as they are and said he did not have a good explanation for it other than to say he was sorry they had not caught the error because it would

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have impacted how they dealt with the building's budget. Member Swirczek asked if the size of the complex had to be reduced and Mr. Fullerton said yes or some systems have to be compromised. He said basically a lot of things could be done to the building in terms of finishes, site work, and downgrading the mechanical system. He added that a better solution would be to have a smaller building that has quality rather than something that is big but of a lesser quality.

(1-0335.5) Member Honkump asked for an update on the savings proposed by Vanir. Mr. Fullerton said Vanir had spent a lot of time and that DMJM had spent a lot of time with them on changing construction types so that part of the building would be high quality and other parts would be lower quality building types. He felt that by having DMJM work with Vanir they had educated them this cannot always be done on a multi story building where different building types are underneath other ones. He said in the end they decided it was best to leave it as it was because there wasn't a savings there. He noted on the other hand another area they wanted to look at was the structural system. They had asked DMJM to come up with a design for steel frame instead of all the concrete block. He said the engineers had done this and DMJM had said, given their design, the only kind of steel frame that could be put into this building was a moment frame which was not recommended. He noted the engineers had said it would be cheaper and the City should make the decision. He said they had designed a moment frame design structure for the building and the engineers had determined that was not advisable but that brace frame would have been cheaper but at this point it would be very hard to change the building design to accommodate it and DMJM agreed. He said DMJM still feels that their structural system is the best for a building of this size with a brick exterior. He noted that the engineers' point was that from the getgo the City had done a brace frame system and might not have had a brick exterior but rather might have had a cheaper building but it is harder now to assign a dollar value to that and it would be difficult to accommodate that as a value engineering cost reduction change. He noted another item the engineers had looked at was a mechanical system and they had said there would not be a lot of savings up front but they might recommend a different system and might recommend some small adjustments to the system that would save some money in the long run on energy usage.

(1-0375.5) Mr. Fullerton said there were some small things the engineers were proposing having to do with the jail - removing acoustical ceilings in the day rooms, etc. He felt those items were well received by the Sheriff. He also noted the finishes in the courthouse are up for consideration at this point. Mr. Aldean said he had received a report from Pete Johnson of JYA Consulting Engineers on the mechanical system where some savings could be exacted and said he would provide the Committee with copies. Mr. Fullerton said he had also received a copy of a report but had not had the opportunity to study it or talk to Vanir about it. He felt the biggest thing being proposed to save money was to eliminate the cooling tower and chiller plan and put packaged units on the roof. Mr. Aldean said the author of the report had indicated the cells are receiving twice the amount of air as they need and felt perhaps reducing this would result in energy cost savings. He added that another item was a recommendation on the use of a variable air volume into the jail system to respond to maintained air for disease control which would be an annual savings of approximately \$15,000. This would be cutting the air supply to the jail to what code specifies and would be a \$10,000 savings. He said these were somewhat additives in that the savings would probably add up to approximately \$20,000. He also commented on the consultant's experience building schools and jails with the systems and has had relatively good response. He also noted the consultant had recommended if the City goes to a full evaporated cooling system the need for a centralized heating plant with a cooling tower is now longer as imperative which could be cut out and eventually there would be about a savings of \$200,000 in construction costs and elimination of some of the heating and cooling towers which would be a savings of approximately \$40,000 if the City opted for the three suggestions. Mr. Fullerton felt that the biggest thing they were proposing was the elimination of the cooling tower and chiller plant and putting packaged units on the roof. He confirmed for Chairperson Sheerin that JYA had been retained by Vanir to do that work and this was coming out of Vanir's fee. He also commented that the general concept was if an evaporative cooling was used it would not make sense to have a central plant and would probably make more sense to go to the packaged units on the roof. He noted that the process would save money to begin with but the system would not have the same life expectancy and in the long term it would probably add more costs. He felt that the system as it is currently designed is probably the best for the courthouse. He said he did not have a problem continuing with it when he thought they were meeting the budget but now because they were not meeting it he felt something had to give in the building

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and it may be that having a top quality mechanical system may not be affordable and perhaps one of the things that need to be compromised. He also said there are other systems in the building that could also be impacted as opposed to making the building smaller with the same quality and that was a decision the City would have to make.

(1-0561.5) Mr. Fullerton then commented perhaps DMJM could be given some direction as to where the City wants to see them make proposals. He noted there might be some sense building has to accommodate everything, no matter what, and that they should find ways to take some of the quality out - perhaps the brick, air conditioning, or whatever. He felt maybe the direction could be to shrink the building rather than take out the quality. He commented on the possibility of eliminating the brick and having a different kind of exterior or have a different kind of brick which would not be as good as what is currently in the plans. He also responded to a question if this would be a mega re-draw and said it would be.

(1-0641.5) Chairperson Sheerin commented that in the past the Committee had excluded a lot of items and provided dollar amounts and details. He reminded the Committee that was how they had cured a shortfall before. He felt that at this meeting they should give DMJM some direction as to where they want them to go. He commented that he did not have a great deal of interest in having a completely different structure being put together. Mr. Fullerton said the magnitude might change as they work through the cost estimate. He added that something the cost estimator had noticed that Vanir had also brought up was that there might be an opportunity in the market between now and April to bid the project. He felt that there could be a five or six percent saving based on hitting the market at the right time. He also said if they got direction to make some changes to bring down the cost some and that they feel they can re-draw quickly and then put it out to bid to see what happens. He also commented if the bids did not come in at the required amount the Committee could ask DMJM to go back and do a major change to the structural system. He said it would take longer to re-draw and could compromise the building. Member Honkump asked what the potential savings would be using the different frame. Mr. Fullerton said he did not have a figure on that and Vanir did not want to put one on it yet either. He said their engineers had said if they had started from a base frame the cost might have been cheaper but architecturally the brick would not have been as well supported and architecturally they would have the limitation of the base frames intersecting the interior wall in some places.

(1-0761.5) Chairperson Sheerin said he wanted to discuss Vanir. He said inasmuch as the project is over budget the question was did the Committee want to spend money on Vanir actively helping DMJM solve the problem or tell them to forget it. Member Baker said he would rather not continue with Vanir but on the other hand the Committee did not have a project manager. He added that would mean that somehow the Committee would have to find that project manager and felt it would be a problem. Chairperson Sheerin commented that when it gets to the point of construction the Committee could say to Vanir they want them to do whatever work and that there is a budget and Vanir could say yes or no. He added if they say no then perhaps the Committee needs to go to other qualified companies who had been on the list to select a construction management company. He wondered if they would want to get into a different kind of construction manager who would be more of a clerk of the works. Mr. Aldean said he understood Member Baker's position but from his Public Works standpoint he was afraid the building would be built way beyond the budget. He added his feeling that the Committee needs a very well qualified construction manager and if the Committee tried to negotiate with the second qualified company on the list they would ask for a relatively same fee to do it and did not feel they would have the appetite to do it for the \$150,000 that had been budgeted for this work on the building. Chairperson Sheerin said the Committee had bifurcated a contract with Vanir for \$80,000+ for pre-construction work which included value engineering, pre-qualifying contractors and some other work. He noted they had spent \$26,000 and there was still a balance of \$51,000 and said the question is whether the Committee wanted Vanir to help DMJM find ways to save money on the project. Mr. Aldean felt that the Committee should investigate the mechanical system Vanir has proposed. He added that unless they find a fatal flaw he felt is it a good system and that they had another engineer who was recommending it. He said he would like to pursue it to its finality if there was a finality on that particular item. He felt if the Committee was going to cut a million dollars of programs out of the project all they would have would be a real nice car with no wheels and no engine. He liked Mr. Fullerton's offer to look into another frame

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design which would result in a good building which might not cost as much but would be serviceable and would last for approximately thirty years. Member Lopiccolo referred to the contract given Vanir and asked if they have done all they can in the value engineering area. Mr. Aldean said the value engineering aspect of their contract is over but said they have other items in the contract to aid and protect the City during the construction of the project, i.e., the PR work, the specification review, and some of the construction time line estimation. He added if the City saves money on time in construction that is overhead that is free money. He felt there were a number of other items but did not believe the Committee should continue the value engineering it. He said they had done a relatively good job as far as suggestions are concerned and felt the Committee should finish at that aspect of the contract. Member Lopiccolo asked about the budget for construction management and Mr. Fullerton said \$150,000 had been set aside for a clerk of the works. She also asked where they currently were with their contingency. Mr. Fullerton said the cost estimate figures he had provided included their 1-1/2 percent design contingency based on the fact that their drawings were 80 percent drawn. He added that the other contingency that was still in the \$19.7 million budget is at five percent construction contingency and said this was not a high contingency.

(1-0967.5) Roger Sedway, who has worked on several hospital projects, felt if the Committee is having to cut \$1.3 million out of the construction they should start with the project cost. He commented that utility hookups are very high. He added his belief that the Committee is not going to get the \$1.3 million out of the building no matter how much they take off. He said that hard decisions are going to have to be made regarding square footage, and what will really be provided. He felt that someone would have to look at the overall project cost. Mr. Fullerton said at the beginning of the construction documents phase, based on a \$19.7 million overall project cost, they were hoping to get a bid of \$16.5 million. The difference between the figures were the soft costs that included such things as insurance costs, hookup fees, FF&E, and clerk of the works. Mr. Sedway mentioned equipment costs, furnishing costs, moving costs, etc. Chairperson Sheerin agreed, from the information provided by Vanir, that there are six or seven good contractors waiting to bid this job, hopefully in February and that was the window he was hoping not to miss. Mr. Fullerton said originally the plan check process was overlapping some with the bid period and the plan check corrections occurring. He felt that either DMJM or Vanir should have noted earlier in the overall \$19.7 million budget all of the assumptions about the soft cost numbers, like the FF&E budget, etc. had not really been checked. He felt there could either be extra money or a problem.

(1-1035.5) Mr. Fullerton said in a meeting earlier in the day with the judges about their audio equipment and sound systems in the courtrooms they had indicated their need of some of that equipment immediately because the equipment they are using now is either incompatible or they are having problems with it. He added they would like to start purchasing equipment now to use in the current courtrooms rather than wait until it is in the new building. He said this brought up the issue of what in the building might be purchased out of other budgets rather than using the money set aside for this part of the project. Member Honkump felt that the Committee needed to pin Vanir down quickly. He referred to their letter where they had stated they had not billed the City for any work they had performed on behalf of the project prior to the contract execution. He wanted to go to Vanir and tell them that the contract is over and if Vanir says they spent a certain figure before the contract then the Committee needs to get a hard number on that. He added if the Committee was going to pull the plug on Vanir they need to find a different process to find a replacement to be the construction manager on the construction phase of the project. Chairperson Sheerin said if the Committee does something different unfortunately, and probably the only way of getting it done, is going to be through a new City employee. He added they would not be able to get an independent contractor because it would be over \$10,000 and it would have to go to an RFP. He mentioned putting Vanir on hold and said the question is should they do that or authorize spending any more money on value engineering. Member Lopiccolo said she was not sure Vanir was telling the Committee they had done all they could do because before they were not looking at being over budget. She felt in light of that was the reason they made a lot of the choices they did about what to consider and what not to. She felt if they were over budget it would be something they would take a hard look at. Member Honkump felt if Vanir wanted the \$600,000+ fee they had proposed they would have to show the Committee specific savings to finance that. He added he assumed they had found everything they could in an effort to justify the construction management phase of the project and said they were not successful in doing that. Member Mullet agreed with Member Lopiccolo's position and said

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Vanir had reported they had not gone into this very deep because it was so far along they did not want to re-design the building because they felt it was beyond that point. He added that at the time the project was on budget it is not now.

(1-1173.5) Mr. Aldean felt another thing to consider which he had a concern about was a menu of items - the Work Release, etc. that the Committee might have to cut into in order to get down to budget. However, he felt that Vanir had rendered some good suggestions and expressed his belief that those suggestion would save at least their salary from the contract. He also said there is a bigger issue in that there is a building significantly over budget and something has to be done about it. He noted perhaps their expertise could be of value to DMJM. At this point Chairperson Sheerin said no action was necessary but perhaps he and Member Baker could talk to Vanir to see if they want to spend another \$10,000 or so on value engineering. Mr. Sullivan noted if the Committee plans to spend another \$10,000 he would like to see a motion to this effect because if the Committee authorized Chairperson Sheerin and Member Baker to do this that they have the full support of the Committee. Chairperson Sheerin said it is in the budget already and had been authorized because this is included in the contract. Member Honkump reiterated his desire to pin down Vanir on the pre-award cost. Member Lopiccolo said their agreement with the Committee was that there would be no charge for that. Member Mullet commented that Vanir had said that any work they did in preparation for bidding on the job was at their cost. Mr. Sullivan said if there is ever an audit or need for a record to be made it should be reflected in the Minutes. Member Mullet said the Committee had already authorized them to spend \$61,000 more dollars. Member Lopiccolo said the Committee already has a contract with Vanir and whatever work they are asked to do or not do is already included. She felt that Chairperson Sheerin and Member Baker in their discussion with Vanir would bring up the issue of would part of the money be better spent doing this or should more of the hours be saved for the latter part of the work.

(1-1267.5) Chairperson Sheerin said the Committee next needed to decide is the direction to DMJM on to proceed in the cutting. He added that all the things Vanir had indicated - the mechanical, etc. are fair game. Mr. Fullerton said the only other direction he would want is whether they should focus their energies on completing their documents and submitting for plan check on December 20 or whether they should instead focus on what changes there might be in the building which could impact what is reviewed in plan check. Mr. Aldean felt they could proceed perhaps with slashing some of the options and then proceeding into the bidding in the February window. He asked how willing are contractors in doing a bid when they know whether or not this is a looksee, in other words the City was putting the project out to bid hoping to get the right price but if they don't they could pull it back and do some more significant changes. He asked Mr. Sedway what does that do locally to the contract price. Mr. Sedway said he has had many contractors tell him they could look at the drawings, as they are now before they go to bid, at no cost and give you what their quick overview was. Mr. Aldean said he would recommend that to Chairperson Sheerin and that the Committee do whatever program cutting that can be done, Mr. Fullerton could come back with a list of items that are easily scratched off and then the Committee can say OK and that necessary changes be made on these items. He added that the plans can then be given to two or three contractors so that they could give the Committee a good bid and then where it stands at that point. He added if they come back and say the budget is still \$750,000 over then the structural design of the building could be studied, although it could delay the project five or six months in re-draw. He said that going to a different frame would change things. Mr. Sedway noted that contractors would point the Committee in the direction of areas where they feel the Committee might be over. Chairperson Sheerin then wondered if the Committee should ask DMJM to submit to plan check on December 20 or give them more time. Mr. Aldean said he would work with them on and that it would not be an issue. He said his people had looked at the initial submittals and did not have any major problems with what had happened. Mr. Sullivan said Mr. Fullerton had indicated he would like two weeks to go back and review the cost estimator's report. Mr. Fullerton said he had been told by Vanir that they had lined up some local mechanical sub-contractors to look at the mechanical drawings once DMJM's people were comfortable giving the drawings out. He indicated he was due back for the ground breaking on December 19 and said he could return earlier that week or combine his trip with the ground breaking. Member Mullet suggested having a meeting prior to the ground breaking for an update as to whether or not the newest estimate looks right or if there are flaws. Mr. Fullerton said they should have some recommendations by then about what direction they might take. Member Swirczek wanted to know if they were talking about the same general contractors, sub-contractors, or specialized contractors that

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may be bidding on the contract. He wanted to know if the Committee would be violating anything by not having everyone look at it. Chairperson Sheerin said it could be argued that giving local contractors an early look at the plans would give them an advantage in the bidding process. Member Lopiccolo felt that Vanir should get involved and Member Mullet agreed. Chairperson Sheerin then suggested the Committee meet again on December 19. Mr. Fullerton felt they could get a firm number by then as to where their cost estimate is. He added they could also have some ideas on where money can be saved. Mr. Aldean said in the interim he would arrange a conference call between he, Member Baker, and Vanir. It was agreed that the meeting on December 19 would be at 5:30 p.m. No formal action was taken.

- D. COMMITTEE MEMBER REPORTS (Non-Action)** - None.
- E. REPORT FROM PROJECT ARCHITECT (Non-Action)** - None.
- B. PUBLIC COMMENT** - None.
- F. REPORT FROM STAFF** - None.
- G. AGENDA ITEMS FOR NEXT REGULAR CAPITAL PROJECTS ADVISORY COMMITTEE MEETING** - Discussed earlier.
- H. APPROVAL OF MINUTES** - None.
- I. ADJOURNMENT** -- Member Honkump moved to adjourn. Member Baker seconded the motion. Motion carried 7-0. Chairperson Sheerin adjourned the meeting at 7:12 p.m.

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ARE SO APPROVED\_\_\_\_3/25\_\_\_\_, 1997

/s/\_\_\_\_\_  
Gary Sheerin, Chairperson