



Board Action Required ☒ X

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To: Coppell ISD Board of Trustees

From: Sid Grant

Date: February 21, 2017

cc: Dr. Mike Waldrip, Kelly Penny, Louis Macias, and Larry Guerra

**Re: Construction Manager at Risk Guaranteed Maximum Price for New Middle School Construction**

As part of 2016 bond election projects, the request to use the Construction Manager at Risk process, as allowed under Section 44.038 of the Texas Education Code for the bond funded construction and renovation projects, was approved by the Coppell ISD Board of Trustees on January 21, 2016.

Subsequently, at the March 28, 2016, Board meeting, the Board approved Northstar Builders Group, LLC as the Construction Manager at Risk (CM @ Risk) for the construction of the new middle school to be located on the Coppell ISD 70 acre tract of land within the Cypress Waters development. Then, on October 24, 2016, the Board approved the Guaranteed Maximum Price (GMP) for Phase One of this project as the Site Grading Package for a total of \$2,520,526. Under the CM @ Risk purchasing method, we utilize the “cost plus fee with a Guaranteed Maximum Price (GMP)” method of pricing. That is, Section 44.038(b) of the Education Code provides that the CM @ Risk assumes the contractual risk for completion and delivery of the projects at or under the Guaranteed Maximum Price.

In January, 2017, Northstar Builders Group placed the construction of the actual building and all related structures out to bid. After careful review and analysis by Northstar Builders, Corgan, and CISD staff of approximately 210 bids received for all trades, a final bid tabulation was prepared including the sub-contractor prices, contingencies, contractor fee, insurance, and general conditions. **In this case, the GMP Northstar Builders has presented for this project is a total of \$48,465,797.** We have carefully reviewed all components of this number and concur with its accuracy.

The above recommended GMP of \$48,465,797 includes a 28,000 square foot alternate addition to the building. Given the latest enrollment projections by our demographer, this addition will be needed by the 2019-20 school year. The total GMP for the addition is \$3,318,485, or \$118.52 per square foot. Our architect and general contractor informs us this price per square foot is at least \$100 per square foot less (e.g. approximately \$2.8 million less) than if we were to contract this addition separately and at a later date.

The recommended GMP for Board consideration on February 27, 2017, does **NOT** include the solar panels that would enable the school to be a net zero facility. I will bring a possible action item to the Board in March or April regarding whether staff recommends a change order to include the solar or not. We are still completing the financial analysis of this alternate to ensure the addition of solar panels has an acceptable payback period and internal rate of return. The total GMP for the solar addition, if included, will be \$1,885,021.

The total budgeted GMP in the 2016 bond election for the entire project (including 100% solar-net zero building), but excluding the 28,000 square foot addition, was \$49,978,000. The total GMP for the building (if solar was included) is \$49,552,859. **Therefore, as originally proposed (and if solar is eventually included), our new middle school project is \$425,141 under budget.** Additionally, the proposed GMP includes \$1.4 million in contingency dollars that will only be spend if absolutely necessary. That is, the contingency dollars not spent during construction will not have to be paid as part of the GMP.

Again, it is staff's recommendation to include the 28,000 square foot addition in this GMP at the excellent total cost of \$3,318,485. As a reminder, the addition will accommodate over 300 additional students making the "comfortable capacity" of the school at or above 1,500 students. This additional cost (plus, the additional dollars necessary for the furniture, fixtures, equipment, and technology of the area) can easily be covered by unspent contingency dollars from the 2013 bond election. **That is, no 2016 bond election dollars will be necessary for the 28,000 square foot addition.**

Now that the actual Guaranteed Maximum Price for the new middle school construction has been determined and presented, it is necessary for the Board of Trustees to consider approval of this GMP, so that the construction contract between Coppell ISD and Northstar can be amended to include the total GMP for this portion of the project.

In summary, the breakdown of all construction of the new middle school is as follows:

Base building GMP	\$45,147,312	
Alternate 28,000 square foot addition	<u>\$3,318,485</u>	
<b>GMP Recommended for Approval</b>	<b>\$48,465,797</b>	<b>Recommended for Approval on 2/27/17</b>
Cost of solar if added at later date	\$1,885,021	
Grading package GMP <b>already approved</b>	<u>\$2,520,526</u>	
Grand Total if solar is added at later date	\$52,871,344	
Grand Total GMP if Solar is excluded	\$50,986,323	

#### **Recommendation:**

**That the Coppell ISD Board of Trustees approve at the February 27, 2017, Board meeting the amending of the construction contract between Coppell ISD and Northstar Builders Group, LLC to include the Guaranteed Maximum Price of \$48,465,797 as proposed by Northstar Builders Group, LLC for the new middle school construction, including the 28,000 square foot addition, but excluding solar panels, and that Sid Grant be authorized to sign the necessary documents.**