



June 16, 2008

Mr. Norm Sisk
Executive Director of Operations
Denton Independent School District
230 N. Mayhill Road
Denton, TX 76208

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Reference: Calhoun Middle School
Additions and Renovations
Denton ISD
Project No. 2773.00

Dear Norm:

The purpose of this letter is to make a recommendation for the award of Calhoun Middle School Additions and Renovations Guaranteed Maximum Price to Charter Builders. The project was bid June 12, 2008 and includes the demolition of the existing South Building and Mounts Street Gymnasium Locker Rooms, the construction of a new 6th grade wing and physical education locker rooms, renovations to the main building science labs, and campus wide security upgrades. This scope meets the requirements set forth in the District's program for Calhoun Middle School.

The Guaranteed Maximum Price for this project is 8.8% over the estimated construction budget. Several unanticipated conditions arose during design that resulted in this difference. We reduced the construction budget by \$90,000 to allow the District to lease direct temporary portables for the duration of construction that were an unanticipated part of this project. The construction estimate included an 8% per year inflation factor. However, the industry has seen closer to 12% inflation over the past year, and much more than that in steel and concrete, which make up a significant portion of this GMP. Also, there is significant elevation differences in the existing grade where the footprint of the new building is located which requires more foundation than typically utilized in this building type. The constraining site limited the possibilities for alternative building locations and also contributes to the building's constructability which also may contribute to higher costs.

VLK Architects recommends award of the GMP for this project on the basis of the very competitive sub-contractor proposals received. While the pricing received for some of the construction line items exceeds the estimates established for those scopes, the quantity of bids received and their competitive numbers indicates that costs for this project are in line with current market conditions.

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Please do not hesitate to call if you have any questions.

Sincerely,

Mr. Sloan Harris, AIA, LEED®AP
Associate

Copy: Mr. Jamie Wilson
Mr. Glen Martin
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