



# City of Denton

City Hall  
215 E. McKinney Street  
Denton, Texas  
www.cityofdenton.com

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## AGENDA INFORMATION SHEET

**DEPARTMENT:** Procurement  
**CFO:** Cassey Ogden  
**DATE:** November 15, 2022

### **SUBJECT**

Consider adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the City Manager to execute two Guaranteed Maximum Price (GMP) Amendments to the Construction Manager at Risk Contract with CORE Construction Services of Texas, Inc., amending the contract approved by the City Council on June 28, 2022, in the not-to-exceed amount of \$25,000.00; said GMP amendments for construction services for Fire Station No. 9 for the Facilities Management Department; providing for the expenditure of funds therefor; and providing an effective date (RFQ 7967 – CMAR Guaranteed maximum price amendments awarded to CORE Construction Services of Texas, Inc, in the first GMP amendment amount of \$4,550,786.00 and the second GMP amendment amount of \$7,503,562 for a total not-to-exceed amount to \$12,079,348.00).

### **INFORMATION/BACKGROUND**

The Fire Department continues to see an increase in the overall call for service volume, specifically in the northwest portion of the City. Data and response trends allow staff to conservatively predict the workload of future years. Staff ran a response analysis and compared call response times based on National Fire Protection Association Standard 1710, Standard for the Organization and Deployment of Fire Suppression Operations, Emergency Medical Operations, and Special Operations to the Public by Career Fire Departments. A proposed Airport/Fire Station 9, when constructed, will reduce extended response times west of Interstate 35 including Denton Enterprise Airport and industrial area, as well as assist with the coverage of the western portion of the City. On August 2, 2021, staff requested direction regarding Fire Station 9 from City Council and were directed to proceed as presented.

Certificate of Obligation Bonds were issued under the Fiscal Year 2021-2022 in the amount of \$750,000 to provide the initial site surveying and design costs. Staff has requested \$13,100,000 in the Fiscal Year 2022-2023 capital budget for construction.

### **Construction Manager at Risk (CMAR)**

The Construction Manager at Risk (CMAR) is a delivery method that entails a commitment by the Construction Manager (CM) to deliver the project within a Guaranteed Maximum Price (GMP), which is based on the scope of Work defined on the Construction Documents.

### **Construction Manager at Risk Advantages:**

- More collaborative construction delivery process
- Assists with value engineering, cost estimating, and constructability review
- Method assists with the acceleration of the construction schedule & avoiding marketplace issues

- Design firm, City team & CMAR collaborate to select best value subcontractors
- Provides cost certainty with Guaranteed Maximum Price (GMP), as well as true cost transparency

### **Project Team**

The project team was finalized with the addition of the CMAR.

- Owner: City of Denton
- Architect: Parkhill, Smith & Cooper, Inc.
- CMAR: CORE Construction Services of Texas, Inc.
- Project Management Consultant: Peak Performance Value, LLC

### **Guaranteed Maximum Price (GMP)**

City Council is requested to approve Guaranteed Maximum Price (GMP) Amendments 1 & 2 to the CMAR contract, which sets the limit, or maximum price, that the City will have to pay the contractor for the scope of work. The City will only be invoiced for actual costs incurred against this GMP, and all savings realized underneath this amount will accrue to the City.

GMP Amendment # 1 totals \$4,550,786 and is designed to protect the City from much of the inflation and delay for key portions of the work, using an “Early Bid Package” strategy. These supply chain issues plague several essential pieces of equipment (e.g. elevator, HVAC, and generator); and are compounded by scheduling delays being seen by other trades today (e.g. earthwork, concrete, and utilities).

The construction cost shown in GMP Amendment #1 is a compilation of the best-value subcontractor proposals from good marketplace participation received by the CMAR. In order to capitalize on competitive pricing and avoid immediate price escalation in many of these same construction trades and suppliers, the CMAR issued letters of intent to the selected subcontractors to hold their pricing before it expired. This allowed more time to establish the GMP Amendments and include allowances for some site conditions still being investigated. Approval today will allow the CMAR to formally lock in these key suppliers and trade contractors, and avoid the inflation and schedule delays still being seen in today’s marketplace.

GMP Amendment # 2 totals \$7,503,562 and establishes the maximum price the City will have to pay for the remainder of the construction work that was not outlined in GMP Amendment #1. By accepting subcontractor bids for these project phases separately, the City and CMAR were able to protect the earlier package against inflation; and set final costs on the later package from more established site conditions and plans.

### **PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On January 11, 2022, City Council approved a contract with Parkhill, Smith & Cooper, Inc., in the not-to-exceed amount of \$1,011,665, for professional design services (Ordinance 22-078).

On May 22, 2022, the Airport Advisory Board received a presentation and update for the Fire Station 9 project.

On June 28, 2022, City Council approved a contract with CORE Construction Services of Texas, Inc., in the not-to-exceed amount of \$25,000.00 for pre-construction services (Ordinance 22-1290).

### **RECOMMENDATION**

Award Amendments No. 1 & 2 with CORE Construction Services of Texas, Inc for the construction of the Fire Station 9 project, in a not-to-exceed amount of \$4,550,786 for Amendment 1 and \$7,503,563 for Amendment 2, for a total amended contract amount of \$12,079,348.

## **SUSTAINABILITY MEASURES**

New building construction and renovations focus on Energy Conservation and Efficiency including the pursuit of renewable technologies, energy conservation, and adherence to the International Energy Conservation Code (IECC).

## **PRINCIPAL PLACE OF BUSINESS**

CORE Construction Services of Texas, Inc.  
Frisco, TX

## **ESTIMATED SCHEDULE OF PROJECT**

Construction will begin in December of this year, and Fire Station No. 9 will be fully operational in Q2 of 2024.

## **FISCAL INFORMATION**

These services will be funded from Fire Station 9 account 100318409 using Certificates of Obligation funds as approved in the FY 22-23 Capital Budget.

## **EXHIBITS**

Exhibit 1: Agenda Information Sheet  
Exhibit 2: Original Ordinance and Contract  
Exhibit 3: Presentation  
Exhibit 4: Ordinance and Amendments 1 & 2

Respectfully submitted:  
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