



Eileen M. Donoghue  
City Manager

MEMORANDUM

TO: Eileen M. Donoghue, City Manager *EMD*

FROM: Diane N. Tradd, Assistant City Manager/DPD Director

DATE: January 24, 2019

SUBJECT: COUNCIL MOTION OF 1/8/19 BY COUNCILOR MERCIER  
REQUEST CITY MANAGER PROVIDE A REPORT REGARDING THE HAMILTON CANAL  
INNOVATIVE DISTRICT (HCID) PARKING GARAGE, OUTLINING TIMELINE/TIMETABLE

Kara Keefe Mullin  
Assistant City Manager

The City contracted with Walker Consultants (“Walker”) to design and bid the HCID parking garage. The following represents a timeline of the HCID garage Design-Bid-Build process as well as a plan of action moving forward:

- October 11, 2017: Walker presented procurement options for the garage, either through a “Design-Bid-Build” process or “CM-at Risk” process to the City. It was determined that the City would utilize the Design Bid-Build process.
- December 10, 2017: Walker and Fennick McCreedy Architects presented the garage design and budget to date (60-70% design). This garage featured approximately 980 spaces at a cost estimate of \$36.4 million before contingency (overall about \$3.5 Million over the City’s targeted construction budget before contingency). In order to move forward with the project with a budget of \$35 Million (including contingency), the City directed the design team to value engineer costs out of the project, even if some parking reduction needed to take place.
- January – April 2018: Walker and DPD worked together to reduce the project scope and permit the garage prior to beginning the Bid process.
- May 2018 – August 2018: City began the procurement process with the prequalification of 75 firms. This process, which is focused almost exclusively on subcontractors, is required for the construction of public buildings. The process is lengthy and sometimes requires – as this process did – multiple bids to secure sufficient subcontractors.
- August 2018 – October 2018: Subcontractors and general contractors submitted bids to the City. Only two general contractors bid and the bids contained significant cost escalation above Walker’s estimates: the lowest bid was \$46,557,000, approximately \$11 million over anticipated prices.
- November 2018 -- January 2019: City conducts significant post-bid analysis and review with Walker to determine the causes for the higher than expected bids and propose solutions, which are outlined in detail in the next section. The determination is made that the newer CM At-Risk bid process, which is underway for Lowell High School, can help the project improve the bidding environment, reduce cost escalation, and improve the timeline through accelerated construction techniques.

**Post-Bid Analysis**

Walker and DPD determined that the primary driving forces for the higher than expected bids were the lack of competition in this bidding environment and restrictions on the City under traditional bid rules, which include:

- Procurement Process: The traditional bid process, which is known as Design-Bid-Build, is more risky than the CM At-Risk process for construction firms (and often for the City). Multiple respected construction firms indicated that they are focused primarily on CM At-Risk projects and bid very few traditional bids.
- Pre-Cast Concrete: There are less than five pre-cast concrete fabricators in the northeast region and it appears likely only one firm worked with interested general contractors, which substantially increased costs.
- Slurry Wall Construction (Garage Foundation): There are less than 5 firms in this region that specialize with this system and, again, it appears that only one firm worked with interested general contractors. In addition, this system is highly specialized and the City believes bidders added significant risk premiums to their bids for this system.
- Limited Contact with Bidders (Traditional Bid Rules): The traditional bid process allowed the City and Walker to answer questions during the bid process, but restricted both groups from working with bidders directly to identify simplifications and means/methods improvements to reduce costs and risk premiums for bidders. This type of negotiation is allowed in the CM At-Risk process.

**Next Steps with CM At-Risk Process**

After detailed work to identify issues with the bid process and lack of competition, Walker, DPD and the City Administration determined the best path moving forward is to utilize the CM At-Risk process. This procurement process will generate more interest and competition in the bid process and provide transparent pricing to the City (as opposed to lump sum line items), among other advantages. As part of this process the City will hire an Owner's Project Manager (OPM) with experience in the CM At-Risk procurement process. The OPM will help substantially improve competition between bidders and will work with Walker and the City to identify design modifications to meet the project budget.

The City selected Dore & Whittier Management Partners LLC ("Dore") as the new project OPM and immediately initiated a series of meetings over the past week. DPD, Engineering, Parking, and the Manager's Office staff participated in a kick-off meeting to identify a timeline and plan to deliver the HCID garage as quickly as possible that will also explore all cost-saving options available through the new construction approach. In addition, a nuts-and-bolts meeting with the OPM, project designer, and City project management staff identified the next steps to update the garage design to meet the project budget and updated timeline. The critical next steps include finalizing the documentation needed for the Inspector General submission and beginning work to secure a Construction Manager, which will be the new general contractor.

The new OPM is focused on delivering the HCID garage on budget and keeping the construction schedule as close to the opening of the new Justice Center as possible. DCAMM will be a critical partner to ensure the smooth and coordinated openings of the Justice Center and HCID garage.

DNT/ns

cc: Claire V. Ricker, Chief Design Planner  
Joseph Giniewicz, Urban Renewal Project Manager