

**CITY OF PEORIA, ARIZONA  
COUNCIL COMMUNICATIONS**

CC: 39R  
Amend No. \_\_\_\_\_

Date prepared: April 14, 2008

Council Meeting Date: May 6, 2008

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**TO:** Terry Ellis, City Manager  
**FROM:**  David A. Moody, P. E., Engineering Director  
**THROUGH:** Dan Nissen, P. E., Assistant City Engineer  
**PREPARED BY:** Geoffrey Zinnecker, P. E., Civil Engineer   
**SUBJECT:** Approve Contract Amendment No. 4, Guaranteed Maximum Price No. 3, (GMP#3), with FNF Construction, Inc. for Construction Manager at Risk services for the construction of the Thunderbird Road Widening; Loop 101 to 95<sup>th</sup> Avenue. (Engineering Project No. P-0505, Solicitation No. P07-0083, LCON 06207)

**RECOMMENDATION:**

That Mayor and Council approve Contract Amendment No. 4, Guaranteed Maximum Price No. 3 (GMP#3), with FNF Construction, Inc. in the amount not to exceed \$12,778,280.09, for Construction Manager at Risk (CM@R) services for the majority of the construction of the Thunderbird Road Widening from the Loop 101 to 95<sup>th</sup> Avenue.

Payment will be from the Proposed GO Bond Street System Account 4220-4220-543001-CIPST-EN00011CO.

**SUMMARY:**

The projected growth of traffic volume combined with the current background volume will cause the level of service on Thunderbird Road to diminish. The Northwest Valley Transportation Study and the Peoria Transportation Needs Study recommended widening Thunderbird Road to six lanes between the Loop 101 and 94<sup>th</sup> Drive. The City has finished the design of the project and construction is ready to commence.

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**CITY CLERK USE ONLY:**

- Consent Agenda
- Carry Over to Date: \_\_\_\_\_
- Approved
- Unfinished Business (Date heard previous: \_\_\_\_\_)
- New Business
- Public Hearing: No Action Taken

ORD. # \_\_\_\_\_ RES. # \_\_\_\_\_  
LCON# 06207D LIC. # \_\_\_\_\_  
Action Date: \_\_\_\_\_

Council Communication  
CM@R Contract Amendment No. 4  
Thunderbird Road Widening – 94<sup>th</sup> Ave. to the Loop 101  
May 6, 2008  
Page: 2

Staff recommended, and council approved, the construction of this project by the CM@Risk alternative delivery method, rather than the conventional design-bid-build method. This CM@Risk method has been used successfully in area projects. The CM@Risk method is desirable when timing and coordination of the work are critical issues. The completion of this project is critical for the City's transportation needs in the rapidly developing Thunderbird Road corridor.

On September 18<sup>th</sup>, 2007 Council approved Contract Amendment No. 1 (GMP #1) in the amount of \$4,839,211.10 to FNF Construction, Inc. for the bridge widening, and construction of the new Dillon's parking lot, using "plug" pricing as a way of accelerating the construction process. "Plug" pricing is a means of estimating prices based on past bids and future cost escalation estimates. At the time it was anticipated that FNF would be able to proceed with ordering long lead time items such as the bridge girders and the signal poles. It was also anticipated that they would be able to start construction prior to the end of 2007 or early 2008. While the long lead time items did get ordered, due to scheduling issues with the Triana Park development and the utility companies, no work has been started. Therefore, FNF was able to re-price the original work identified in GMP#1 using exact bids from their subcontractors. Due to market conditions, many of the prices came in lower than they were originally priced. FNF is passing on those savings to the City by re-pricing their original proposal. The simplest way of accommodating the new prices is to "absorb" the re-priced Contract Amendment No. 1 (GMP #1) into Contract Amendment No.4 (GMP #3). In essence GMP #1 simply "goes away" and is replaced with GMP #3.

**CONTRACT AMENDMENT NO. 4 (GMP#3)**

This council communication is recommending approval of Contract Amendment No. 4 (GMP #3) which provides for the construction of the majority of the City's share of the Thunderbird Road widening improvements. The remaining portion of the City's Thunderbird Road improvements, Contract Amendment No. 5, GMP#4, are funded in the FY09 budget and will be presented to Council in July, 2008.

A summary of the remaining contract items to be brought forward to Council is provided below;

<b><u>EVENT</u></b>	<b><u>DATE*</u></b>
Negotiate Contract Amendment No. 5 (GMP #4) with FNF (estimated to be \$1.8 million)	July 08

A summary of the revised FNF contract amount is provided below:

**Original Contract:**

On July 10, 2007, Council awarded the pre-construction services contract in an amount not to exceed \$134,280 to FNF Construction.

**Contract Amendment No. 1 (GMP#1)**

On September 18<sup>th</sup>, 2007 Council approved Contract Amendment No. 1 (GMP #1) in the amount of \$4,839,211.10 to FNF Construction, Inc. for the bridge widening, and construction of the new Dillon's parking lot, using "plug" pricing as a way of accelerating the construction process. "Plug" pricing is a means of estimating prices based on past bids and future cost escalation estimates.

**Contract Amendment No. 2 (GMP#2)**

On March 18, 2008 Council approved Contract Amendment No. 2 (GMP #2) for this project in the amount of \$2,153,059.66, which was to pay for the Gray Development Group (GDG) improvements, which consist of widening of the road and bridge for turning lanes. Funding for Contract Amendment No. 2 (GMP#2) is provided through an escrow account established by GDG.

**Contract Amendment No. 3**

Contract Amendment No. 3 rescinded Contract Amendment No. 1, GMP #1. FNF was able to re-price the original work identified in GMP#1 using exact bids from their subcontractors. Due to market conditions, many of the prices came in lower than they were originally priced. FNF is passing on those savings to the City by re-pricing their original proposal. The simplest way of accommodating the new prices is to "absorb" the re-priced Contract Amendment No. 1 (GMP #1) into Contract Amendment No.4 (GMP #3).

Original Contract:	\$ 134,280.00
Contract Amendment No. 1 (GMP#1):	\$ 4,839,211.10
Contract Amendment No. 2 (GMP#2):	\$ 2,152,995.17
Contract Amendment No. 3 (Rescind GMP#1):	(\$ 4,839,211.10)
Contract Amendment No. 4 (GMP#3):	<u>\$12,778,280.09</u>
Revised Contract Amount:	\$15,065,555.26



# CONTRACT AMENDMENT Change Order

Materials Management  
Procurement  
8314 W. Cinnabar Ave.  
Peoria, AZ 85345  
Telephone: (623) 773-7115  
Fax: (623) 773-7118

Solicitation No.: P07-0083 Page 1 of 16  
Amendment No.: Four (4) Date: April 15, 2008

Buyer: Lisa Houg

Project No.: P-0505 Agreement Date: July 19, 2007

Project Description: Thunderbird Road Widening Project Completion Date: May 25, 2009

Change Order Type:  Owner Initiated  Errors & Omissions  Unknown Conditions  Phased Award

The changes as shown on the attached are hereby made to the contract.

### Contract Price Change:

Original Contract Price:	\$134,280.00
Total of previous change orders:	2,152,995.17
Original contract price plus previous change order(s):	2,287,275.17
The contract price due to this change order will be increased by:	12,778,280.09
The new contract price including this change order will be:	\$15,065,555.26

### Contract Time Change:

The project will be completed per the attached project schedule.  
The new date for completion of all work will be May 25, 2009

Contractor hereby acknowledges receipt and agreement. A signed copy shall be filed with the City of Peoria, Materials Management Division.

	4/17/08	Lee Hulbert Vice President	FNF Construction, Inc.
Signature	Date	Typed Name and Title	Company Name

115 South 48 <sup>th</sup> Street	Tempe	AZ	85281
Address	City	State	Zip Code

Attested By:

Mary Jo Kief, City Clerk

Department: Dan Nissen, Assistant City Engineer

Buyer: Lisa Houg, Contract Officer

Approved by: Herman Koebergen, Materials Manager

Approved as to Form: Stephen M. Kemp, City Attorney  
The above referenced Contract Amendment is hereby Executed  
\_\_\_\_\_ at Peoria, Arizona

Terrence L. Ellis, City Manager

39R 050607  
CC Number

LCON06207D  
Contract Number