

**CONSTRUCTION MANAGER FOR THE
HUMAN HEALTH BUILDING**

A Recommendation

1. **Division and Department:** Finance and Administration, Facilities Management

2. **Introduction:** The Governor of the State of Michigan signed the Capital Outlay Budget for FY2008, Senate Bill 511, authorizing Oakland University (University) to hire professionals to develop a program statement and preliminary planning documents for a Human Health Building (HHB). The total cost of the HHB project is \$61,748,100, the State share to be \$40,000,000 with \$21,748,100 University match funded from bond proceeds.

The HHB is approximately 160,000 square feet and will be the new home for the School of Nursing and School of Health Sciences, with shared common spaces, and ten general purpose classrooms.

The Board of Trustees' (Board) approved program statement and preliminary planning documents (schematic design) have been submitted to and preliminarily approved by the Department of Management and Budget. The next step in the process is final review and approval by the Joint Capital Outlay Subcommittee (JCOS), followed by final authorization of the capital appropriation via inclusion in an appropriation bill. JCOS meetings are generally held on the first Thursday of each month but have recently been cancelled pending finalization of the State of Michigan FY2010 budget. If the State budget is finalized by the October 31, 2009 deadline, the HHB project will, potentially, be considered by JCOS at its next meeting, possibly as early as November 5, 2009. Pending final JCOS approval and funding authorization, and in order to avoid delaying opening of the HHB, the University is proceeding with project planning, with contractual protection to pause, delay or terminate the project with appropriate notice.

Board approval of a Construction Manager (CM) is necessary to proceed with project planning. The University will be entering into a Construction Manager at Risk (CM at Risk) contract, which means the CM and not the University holds and executes all contracts issued to subcontractors. The University's contractual obligation is to the CM only, reducing the University's risk related to subcontractor contracts and performance. The CM at Risk contract will include preconstruction as well as construction services. Preconstruction services include budget management, cost estimating, scheduling, constructability reviews and value engineering. By utilizing these services in a collaborative relationship between the University, architectural and engineering firm (SmithGroup) and CM, the University expects a more manageable and predictable project which translates into time savings and more cost effective construction process. The preconstruction effort will result in a contractually guaranteed maximum price.

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Fifteen firms responded to a widely distributed and advertised Request for Qualifications (RFQ). The RFQ submissions were reviewed and evaluated resulting in five firms (Barton Mallow, Christman, Granger, Rewold/Skanska and Turner) being selected to participate in a Request for Proposals (RFP) process. The proposals were reviewed and evaluated by the following:

John W. Beaghan, Vice President for Finance and Administration
Terry Stollsteimer, Associate Vice President – Facilities Management
Steve L. Zmich, Director, Capital Planning and Design
John Harmala, Senior Project Manager
Maria Ebner-Smith, Purchasing Manager
Robert Washer, President of MICCO Construction (external consultant)

After a thorough review of RFQ and RFP responses, detailed interviews and reference checks, and based on their experience with similar health education buildings, composition of the construction team, interest and enthusiasm for the project, ability to understand and reflect the University's vision for this project, and proposed costs and fees, The Christman Company is recommended to provide CM at Risk services for the HHB project (Attachment A).

The contract will include pre-construction, general conditions and construction fees not to exceed \$2,800,000. Construction fees are based on 1.37% of construction costs.

- 3. Previous Board Action:** On October 30, 2008 the Board approved a Reimbursement Resolution which allows project related expenditures incurred prior to the issuance of tax-exempt bonds to be subsequently reimbursed from bond proceeds. On February 4, 2009, the Board approved the architectural and engineering firm, SmithGroup. On July 2, 2009 the Board approved the schematic design and program statement. On July 2, 2009 the Board approved a bond issuance not to exceed \$35 million.
- 4. Budget Implications:** CM services are budgeted in the HHB project budget. The proposed contract is within budget.
- 5. Educational Implications:** The HHB will be the new home for the School of Nursing and School of Health Sciences, as well as ten general purpose classrooms.
- 6. Personnel Implications:** None.
- 7. University Reviews/Approvals:** This recommendation was formulated

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by the Associate Vice President for Facilities Management and reviewed by Robert Washer, SmithGroup, the Vice President for Finance and Administration, and President. On November 4, 2009, the Finance, Audit and Investment Committee reviewed the proposal and recommended that it be presented at the next Formal Session of the Board.

8. Recommendation:

RESOLVED, that the Vice President for Finance and Administration be authorized to negotiate and execute a CM contract with The Christman Company for CM at Risk services for the Human Health Building; and, be it further

RESOLVED, that the total cost for all CM services, inclusive of reimbursables and Oakland University contingencies will not exceed \$2,800,000; and, be it further


RESOLVED, that the total cost of the Human Health Building including design, construction, furnishings, equipment, and project management will not exceed \$61,748,100, to be funded by \$40 million in State capital outlay appropriations and \$21,748,100 in University funds via bond proceeds; and, be it further

RESOLVED, that the contract will be reviewed and approved by the Office of the Vice President for Legal Affairs and General Counsel prior to execution, and be in compliance with the law and University policies and regulations and conform to legal standards and policies of the Vice President for Legal Affairs and General Counsel.

9. Attachments:

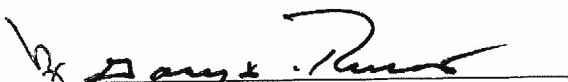
A. Summary of CM Proposals

Submitted to the President
on 10/29, 2009 by



John W. Beaghan
Vice President for Finance and Administration and
Treasurer to the Board of Trustees

Recommended on 10/30, 2009
to the Board for approval by



Gary D. Russi
President

SUMMARY OF CM PROPOSALS

Attachment A

Vendor	Construction Fee %	Total Cost
Barton Malow*	1.50%	\$ 2,570,889
The Christman Company	1.37%	\$ 2,791,668
Rewold/Skanski	1.75%	\$ 3,323,203

* The lowest cost proposal, from Barton Malow, was not chosen due to inadequate preconstruction services, lesser ability to manage LEED projects and a higher construction fee percentage.