



MEMORANDUM

TO: Mayor and City Council
FROM: Chris Everson, Affordable Housing Project Manager
THROUGH: Scott Miller, Capital Asset Director
R. Barry Crook, Assistant City Manager
DATE: June 26, 2009
MEETING DATE: June 30, 2009
RE: Burlingame II Revised Schedule

Summary:

Staff is recommending a revised schedule for the Burlingame II affordable housing development.

Background:

Design development for Burlingame II was initially stopped in the spring of 2008 as a variety of outside opinions were being developed for Council and management consideration:

- ✓ the Citizens Budget Task Force (CBTF) and its Housing Subcommittee
- ✓ the Alverez & Marsal operational audit
- ✓ the McMahan & Associates financial audit
- ✓ the Construction Experts Group (CEG), created by the City Manager to review and recommend changes in how the City approached the development of affordable housing projects.

The City Council then placed a referendum question on the November ballot to discern community interest in increasing the unit count at Burlingame from 236 total units to “up to 300 units.” This passed by a vote of 56% to 44%.

As a result of these events, we have been in negotiation with the Burlingame Condominium I HOA board since January over a proposal to increase the unit count. The intent is to take a final proposal to a vote of the homeowners in mid-July which will determine the final unit count for development at Burlingame and allow our development team to finalize the design and drawings for the next phases of development.

Previous Council Action:

On July 28, 2008, under Resolution 69-2008, the Council accepted and adopted the recommendations from the Citizen Budget Task Force regarding the Affordable Housing Program and planning for Burlingame Phases 2/3. At a Worksession on March 17th, the Council presented the City’s offer to the public and took comments – including many comments from Burlingame homeowners.

Discussion:

As a result of the CEG recommendations approved by the City Council, staff planned to execute the Integrated Project Delivery (IPD) which entails the hiring of a program manager, a design team, a contractor at risk and a commissioning agent. Both the Burlingame II design and a GMP bid for the construction of the project were to be developed by end of August 2009 so that City Council could have a “bid-in-hand” to make a decision on whether or not to approve a November 2009 ballot question for funding the construction of Burlingame II. Since then:

- ✓ Potential Burlingame II housing partners Pitkin County, Aspen School District, Aspen Valley Hospital, Music Associates of Aspen, Aspen Skiing Company and Aspen Art Museum have indicated that a desire for more information about the project and internal decision-making makes a 2010 timeframe for commitment to the project better for them.
- ✓ During the HOA density negotiations, Council made clear the imperative nature of treating the HOA process with the utmost care and giving that process the time that it deserves.
- ✓ Given the current economic climate, the forecasted climate at a November bond election, and the need to finalize unit counts for the final Burlingame development and conduct a vote of BG homeowners prior to giving a green light to architectural work, Council has determined that any possible bond election would be pushed out to November 2010.

Due to these changing conditions the schedule for Burlingame II needs to be reconsidered.

Staff Recommendation:

Staff is proposing a schedule change that is intended to help with these concerns. One approach that was suggested was to do nothing in 2009 and resume the IPD effort in 2010 with carry-forward funds from 2009. However, since we would like to once again approach potential Burlingame II housing partners for funding in 2010, staff cannot recommend this option because we would still not have designs to show our potential Burlingame II housing partners, and we would not have a comprehensive budget based on those designs that the partners could use for decision-making.

Because of this, staff is recommending that we bring the design of Burlingame II through conceptual and schematic design in 2009 (essentially about 1/3 of the way through the design process), and we develop a comprehensive construction budget based on that schematic design. This could be done by the end of 2009 and is estimated to cost approximately \$1.5MM. This effort will provide valuable information that can be brought to potential Burlingame II housing partners in 2010 in the pursuit of funding from those potential partners.

In 2010, staff would pursue the completion of the IPD process by summer 2010, which would bring the schematic designs through completion and would entail (as originally planned) the development of a GMP bid for construction which Council may then consider for funding purposes (i.e. whether or not to put a bond funding question on the November 2010 election ballot.)

The attachments included provide additional information about the originally intended 2009 IPD effort (schedule and projected expenditures) as well as the revised plan that is herein recommended (schedule and projected expenditures).

Financial Implications:

When budgets for 2009 were developed during the summer of 2008, the IPD process had not yet been conceived. The 2009 budget for Burlingame II design was set at \$1,176,320 and it was assumed that a supplemental request would likely be necessary. In order to pursue the revised schedule/plan recommended herein, a supplemental funding request in the amount of \$323,680 will be necessary to bring the 2009 budget up to \$1.5MM.

Proposed Next Steps:

Supplemental request of \$323,680 and implementation of the plan described in this memo and additionally described in attachments C and D.

Recommendation:

City Council approval of the plan described in this memo and additionally described in attachments C and D.

City Manager Comments: _____

Attachments:

- Attachment A - Originally intended Burlingame II 2009 IPD process and construction schedule
- Attachment B - Originally projected expenditures for Burlingame II 2009 IPD process
- Attachment C - Revised recommended Burlingame II IPD process and construction schedule
- Attachment D - Revised projected expenditures for Burlingame II IPD process (for 2009 and 2010)

Attachment A - Originally intended Burlingame II 2009 IPD process and construction schedule

Burlingame 2 - Summary of Original 2009 Projected Schedule																							
ID	Task Name	Start	Finish	October 2008			September 2009			August 2010			July 2011			June 2012							
				11/8/31	11/16/2/1	2/1/4/19	5/7/5	9/20/12/6	2/21/5/9	7/25/10/10	12/26/3/13	5/29/8/14	10/30/1/15	4/1/6/17	9/2/11/18								
1	Density Negotiation with Burlingame HOA	Mon 1/5/09	Fri 2/13/09		1/5	2/13																	
2	Program Manager/Owner's Rep Selection	Mon 1/5/09	Fri 2/13/09		1/5	2/13																	
3	Architect/Engineer/Design Team Selection	Mon 1/5/09	Wed 4/15/09		1/5	4/5																	
4	General Contractor at Risk Selection	Mon 2/9/09	Fri 5/15/09		2/9	5/15																	
5	Commissioning Agent Selection	Mon 3/2/09	Fri 5/15/09		3/2	5/15																	
6	Sitework Contractor Selection	Mon 5/25/09	Fri 8/28/09		5/25	8/28																	
7	Final Program/Conceptual Design	Mon 2/16/09	Mon 4/20/09		2/16	4/20																	
8	Schematic design	Mon 4/6/09	Fri 6/5/09		4/6	6/5																	
9	Design Development	Mon 5/18/09	Fri 8/7/09		5/18	8/7																	
10	Comprehensive Budget / GMP Bid Development	Mon 5/18/09	Mon 8/10/09		5/18	8/10																	
11	City Council Review of GMP Bid for Election Ballot	Mon 8/10/09	Mon 8/31/09			8/10	8/31																
12	Sitework Package Development	Tue 8/11/09	Wed 9/30/09			8/11	9/30																
13	Construction Document Development	Tue 9/1/09	Thu 12/31/09			9/1	12/31																
14	Bond Election	Tue 11/3/09	Tue 11/3/09				11/3																
15	Entitlements and Permitting	Thu 4/30/09	Thu 12/31/09		4/30	12/31																	
16	Construction - Rough Grading / Deep Utilities	Wed 3/31/10	Wed 9/1/10					3/31	9/1														
17	Construction - Vertical Construction	Mon 5/10/10	Mon 10/31/11					5/10	10/31														
18	Building Commissioning	Mon 10/3/11	Fri 8/31/12										10/3	8/31									
19	Construction - Finish Grade / Landscape	Wed 6/15/11	Fri 8/31/12										6/15	8/31									
20	Project Closeout	Mon 6/18/12	Fri 9/28/12																6/18	9/28			

Attachment B - Originally projected expenditures for Burlingame II 2009 IPD process

Originally Projected 2009 Burlingame 2 Cash Flow (Preconstruction Only)

Description	January	February	March	April	May	June	July	August	September	October	November	December	Totals
Owner's agent	\$38,333	\$38,333	\$38,333	\$38,333	\$38,333	\$38,333	\$38,333	\$38,333	\$38,333	\$38,333	\$38,333	\$38,333	\$459,996
Design @ 4% of Project budget													\$0
Program & concept @ 5%				\$120,000	\$30,000								\$150,000
Schematic Design @ 15%					\$225,000	\$135,000	\$90,000						\$450,000
Design Development @ 25%						\$75,000	\$300,000	\$375,000					\$750,000
Construction Documents @ 37.5%								\$112,500	\$337,500	\$337,500	\$337,500		\$1,125,000
Bidding & Negotiations @ 2.5%												\$30,000	\$30,000
Contract Administration @ 15%													\$0
Entitlements													\$0
Commissioning Agent					\$9,375	\$9,375	\$9,375	\$9,375	\$9,375	\$9,375	\$9,375	\$9,375	\$75,000
General Contractor - Precon					\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$100,000
Sitework Contractor - Precon								\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$30,000
Reimbursables @ 10% of Fees	\$3,833	\$3,833	\$3,833	\$15,833	\$31,521	\$27,021	\$45,021	\$55,371	\$40,371	\$40,371	\$40,371	\$9,621	\$317,000
Contingency @ 10%	\$4,217	\$4,217	\$4,217	\$17,417	\$34,673	\$29,723	\$49,523	\$60,908	\$44,408	\$44,408	\$44,408	\$10,583	\$348,700
City Staff Time	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$275,100
Monthly total	\$69,308	\$69,308	\$69,308	\$214,508	\$404,327	\$349,877	\$567,677	\$692,912	\$511,412	\$511,412	\$511,412	\$139,337	\$4,110,795
Cumulative total	\$69,308	\$138,616	\$207,924	\$422,432	\$826,758	\$1,176,635	\$1,744,312	\$2,437,223	\$2,948,635	\$3,460,047	\$3,971,458	\$4,110,795	

Original 2009 budget for Burlingame 2 was \$1,176,320

This would have necessitated the following supplemental requests:

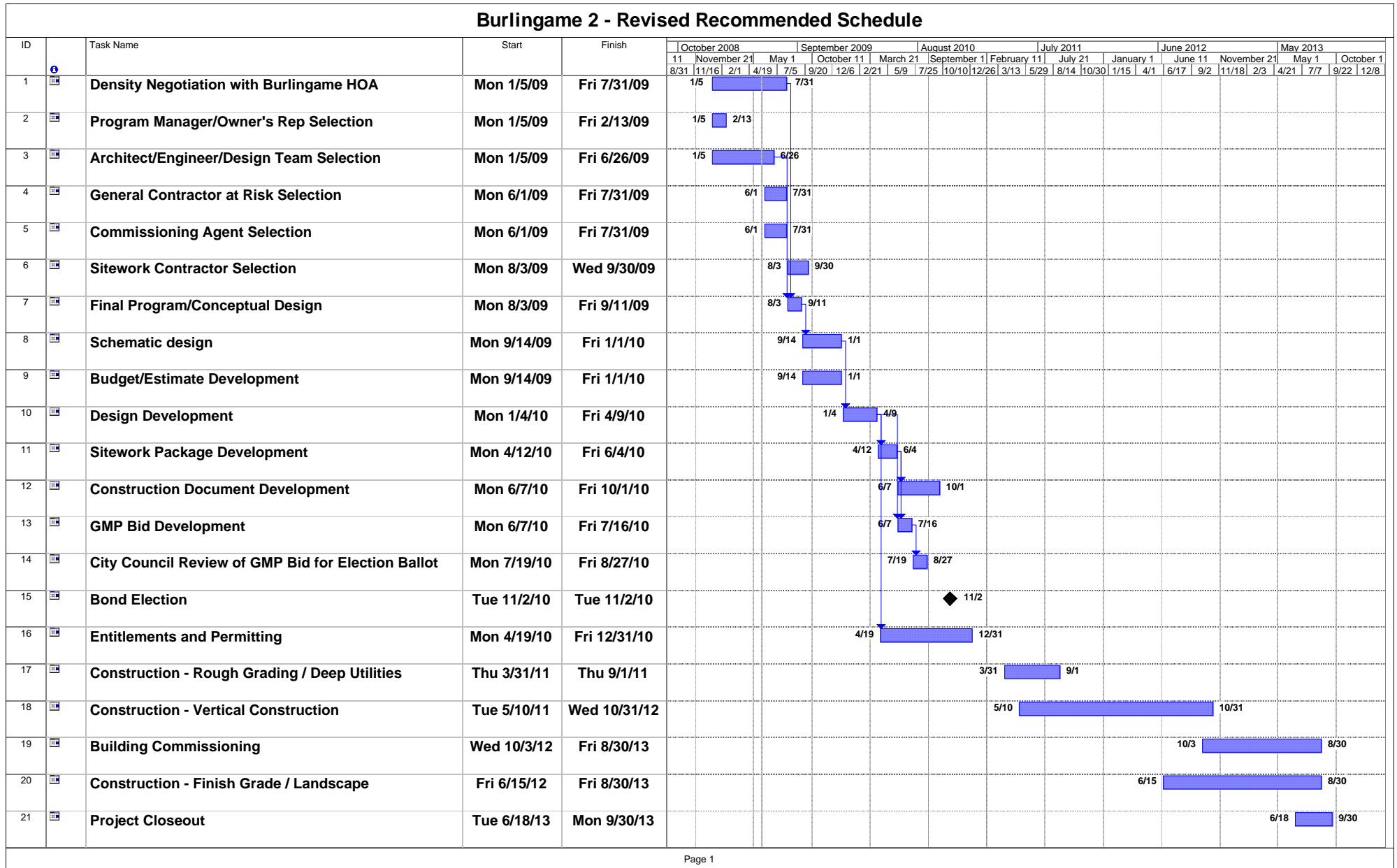
 Carry-forward from 2008: \$1,284,852

 Additional 2009 Supplemental Request: \$1,649,628

 Total: \$4,110,800

However, shortly into 2009 it became apparent that funding challenges would make this plan difficult to meet thus the revised plan that follows has been developed.

Attachment C - Revised recommended Burlingame II IPD process and construction schedule



Attachment D - Revised projected expenditures for Burlingame II IPD process

Revised 2009 Recommended Burlingame 2 Cash Flow (Includes Design through Schematic Design Only)

Description	January	February	March	April	May	June	July	August	September	October	November	December	Totals
Owner's agent						\$33,333	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333	\$233,331
Design @ 4% of Project budget													\$0
Program & concept @ 5%								\$125,000	\$125,000				\$250,000
Schematic Design @ 15%									\$50,000	\$100,000	\$100,000	\$100,000	\$350,000
Design Development @ 25%													\$0
Construction Documents @ 37.5%													\$0
Bidding & Negotiations @ 2.5%													\$0
Contract Administration @ 15%													\$0
Entitlements													\$0
Commissioning Agent									\$9,375	\$9,375	\$9,375	\$9,375	\$37,500
General Contractor - Precon									\$12,500	\$12,500	\$12,500	\$12,500	\$50,000
Sitework Contractor - Precon									\$6,000	\$6,000	\$6,000	\$6,000	\$24,000
Reimbursables @ 10% of Fees	\$0	\$0	\$0	\$0	\$0	\$3,333	\$3,333	\$15,833	\$23,621	\$16,121	\$16,121	\$16,121	\$94,483
Contingency @ 10%	\$0	\$0	\$0	\$0	\$0	\$3,667	\$3,667	\$17,417	\$25,983	\$17,733	\$17,733	\$17,733	\$103,931
City Staff Time	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$275,100
Monthly total	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$63,258	\$63,258	\$214,508	\$308,737	\$217,987	\$217,987	\$217,987	\$1,418,346
Cumulative total	\$22,925	\$45,850	\$68,775	\$91,700	\$114,625	\$177,883	\$241,141	\$455,649	\$764,385	\$982,372	\$1,200,359	\$1,418,346	

Original 2009 budget for Burlingame 2 was \$1,176,320

The revised schedule will necessitate the following supplemental requests:

 Carry-forward from 2008: \$323,680

 Total 2009 Budget: \$1,500,000

Projected 2010 Burlingame 2 Cash Flow

Description	January	February	March	April	May	June	July	August	September	October	November	December	Totals
Owner's agent	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333					\$266,664
Design @ 4% of Project budget													\$0
Program & concept @ 5%													\$0
Schematic Design @ 15%													\$0
Design Development @ 25%	\$180,000	\$180,000	\$180,000	\$60,000									\$600,000
Construction Documents @ 37.5%				\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$25,000			\$925,000
Bidding & Negotiations @ 2.5%													\$0
Contract Administration @ 15%													\$0
Entitlements				\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$90,000
Commissioning Agent	\$9,375	\$9,375	\$9,375	\$9,375	\$9,375	\$9,375	\$9,375						\$65,625
General Contractor - Precon	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500						\$87,500
Sitework Contractor - Precon	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000						\$42,000
Reimbursables @ 10% of Fees	\$24,121	\$24,121	\$24,121	\$28,121	\$22,121	\$22,121	\$22,121	\$19,333	\$16,000	\$3,500	\$1,000	\$1,000	\$207,679
Contingency @ 10%	\$26,533	\$26,533	\$26,533	\$30,933	\$24,333	\$24,333	\$24,333	\$21,267	\$17,600	\$3,850	\$1,100	\$1,100	\$228,447
City Staff Time	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$22,925	\$275,100
Monthly total	\$314,787	\$314,787	\$314,787	\$363,187	\$290,587	\$290,587	\$290,587	\$256,858	\$216,525	\$65,275	\$35,025	\$35,025	\$2,788,015
Cumulative total	\$314,787	\$629,573	\$944,360	\$1,307,547	\$1,598,133	\$1,888,720	\$2,179,307	\$2,436,165	\$2,652,690	\$2,717,965	\$2,752,990	\$2,788,015	

Total Projected 2010 Budget for Burlingame2: \$2,800,000



Revisions to the Burlingame 2/3 Schedule

City Council Worksession – June 30, 2009



Audit Recommendations on Development Model

□ Alvarez & Marsal

➤ Construction Manager as Agent Model:

- ✓ Improved Oversight & Contractor Accountability
- ✓ City Retains Design Rights
- ✓ Reduced Risk & Cost
- ✓ Improved Communication

□ McMahon & Associates

- ✓ Create a construction management team for all projects exceeding a specified amount.
- ✓ Specify a required construction management structure based upon the anticipated scope of a project.



2008 Burlingame 2/3

- **Original Burlingame 2/3 design development stopped in Spring 2008:**
 - ✓ **Citizen Budget Task Force Housing Subcommittee**
 - ✓ **Performance Audit - Alvarez & Marsal**
 - ✓ **Financial Audit - McMahan & Associates**
 - ✓ **Construction Experts Group**



Construction Experts Group – Process Recommendations

- The City should seek to hire firms or individuals who can create comparable estimates from conceptual plans.

(This was done for the CEG's 293-unit plan and will be done as necessary.)



Construction Experts Group – Process Recommendations

- ❑ The City should pursue, with the assistance of the Development Management Consultant, an Integrated Project Delivery (IPD) Team including Design services, Construction Management-Constructor (CMc at Risk) services, Commissioning Service Provider, and Internal Stakeholders.



2009 Burlingame Plan Based on the Recommendations

Implementation of the Integrated Project Delivery (IPD) model:

✓ Work with a hired attorney with expertise in IPD contracts

Embark on multiple RFQ/RFP processes to hire:

- ✓ Program Manager/Agent (ARC was selected – on hold)
- ✓ Architect / Design Team (3 finalists selected – on hold)
- ✓ Contractor @ Risk (process not started)
- ✓ Commissioning Agent (process not started)



2009 Burlingame Plan Based on the Recommendations

- The IPD schedule was based on the published AIA IPD process whereby the Owner's Agent, Design Team, Contractor at Risk and Commissioning engage together (under the terms of the General Terms contract) in a team approach to the design that would allow for:
 - ✓ *Constructability* input early in the design process
 - ✓ Development of a comprehensive budget by the project team
 - ✓ Development of a GMP bid by the Contractor at Risk
 - ✓ 2009 estimated expenditures for IPD: \$4,110,795
 - ✓ Expected construction schedule: April 2010 – Sept 2012



2009 Burlingame Plan Based on the Recommendations

- The GMP bid prepared by the Contractor at Risk could be audited by the Owner's Agent as well as by an outside estimating consultant in order to verify the its competitiveness. If it was decided that the bid was not as competitive as it could be, City Council could decide to bid out the project on the open market.
- This would have allowed City Council the opportunity to have a "bid in hand" by the end of August 2009 for a decision whether or not to pursue a November 2009 election ballot question on bond funding for construction.



Current Planning for Burlingame

- 1. Potential Burlingame II housing partners Pitkin County, Aspen School District, Aspen Valley Hospital, Music Associates of Aspen, Aspen Skiing Company and Aspen Art Museum were asked if they could contribute funding in 2009 toward the IPD effort.**
- 2. Given the need to complete density negotiations with Burlingame residents, and that an architect / design team can not begin work until the density question is answered and a building program is established.**
- 3. Given the current economic climate and forecasted recovery by a November 2009 possible ballot**

**City Council decided on a new
schedule for Burlingame 2/3**



New Burlingame 2/3 Schedule Recommendations

□ 2009:

- ✓ Bring the design of Burlingame 2/3 through conceptual and schematic design in 2009 (about 1/3 of the way through the design process)
- ✓ Develop a comprehensive project budget based on schematic designs
- ✓ Estimated 2009 cost of approximately \$1.5MM for partial IPD effort (includes supplemental appropriation of \$324K)
- ✓ This partial IPD effort will provide valuable information that can be brought to potential Burlingame 2/3 housing partners in 2010 in the pursuit of funding from those potential partners



New Burlingame 2/3 Schedule Recommendations

□ 2010:

- ✓ Pursue the completion of the IPD process by summer 2010, which would bring the schematic designs through completion
- ✓ the development of a GMP bid for construction which Council may then use to decide whether or not to pursue
- ✓ a bond funding question on the November 2010 election ballot.

□ Estimated 2010 IPD costs: \$2.8MM

□ Resulting estimated total cost for IPD effort (2009 + 2010): \$4.3MM

□ Revised expected construction schedule: April 2011 – Sept 2013



Questions / Comments