

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Resolution No. 03-34

For the purpose of approving Change Order #5 to contract #922771 with Hoffman Construction Company of Oregon to reduce the guaranteed maximum price (GMP) specified in the contract by \$1,500,000, and authorizing the General Manager to execute Change Order #5 on behalf of the Commission.

Whereas, contract #922771 with Hoffman Construction Company of Oregon and subsequent Change Orders #1, #2, #2(Revised), #3, and #4 were approved by the Commission for the construction of the Oregon Convention Center Expansion, with a guaranteed maximum price (GMP) of \$103,171,481; and

Whereas, through close-out of construction work, claims adjustments and OCIP insurance audit, savings within the GMP contract have been identified totaling \$1,500,000; and

Whereas, savings identified within the GMP will be released back to the OCC Expansion Fund for use on remaining pre-approved Expansion-related construction work; and

Whereas, the OCC Expansion staff has reviewed the \$1,500,000 identified savings and approves the reduction of the GMP contract from \$103,171,481 to \$101,671,481.

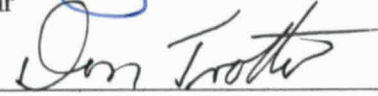
BE IT THEREFORE RESOLVED as follows:

1. The Metropolitan Exposition-Recreation Commission approves Change Order #5, in a form substantially similar to Exhibit A, to GMP contract #922771 with Hoffman Construction Company of Oregon to reduce by \$1,500,000 the guaranteed maximum price to \$101,671,481;
2. The Metropolitan Exposition-Recreation Commission authorizes the General Manager to execute Change Order #5 on behalf of the Commission.

Passed by the Commission July 23, 2003.



Chair



Secretary-Treasurer

Approved As To Form:
Daniel B. Cooper, General Counsel

By: 

Lisa Umscheid, Senior Assistant Counsel

MERC STAFF REPORT

Agenda Item: Approval of Change Order #5 to the Guaranteed Maximum Price (GMP) MERC Contract #922771 with Hoffman Construction Company of Oregon for the Oregon Convention Center Expansion.

Resolution No. 03-34 **Date:** July 23, 2003 **Presented by:** Karl Schulz

Background/Analysis:

MERC Commission Resolution 01-02 dated January 17, 2001 established the Guaranteed Maximum Price (GMP) contract # 922771 for \$98.5 million with Hoffman Construction Company, Construction Manager/General Contractor (CM/GC) for the construction of the Oregon Convention Center Expansion. Change Orders #1, #2, #2(Revised), #3, and #4 were approved via MERC Commission Resolutions and incorporated into the GMP contract during the last two years. These change orders were adjustments required in order to provide modifications to the scope of work and funding allocations to complete the construction of the OCC Expansion. The total revised GMP contract amount incorporating these change orders is \$103,171,481.00.

Issue: The close-out of the OCC Expansion Project has proceeded better than expected, primarily in three areas. The first regards the number of claims that were planned for, and for which funding was forecasted, which have been successfully resolved without any additional cost impact to the Project. The full allocation of funds reserved for these anticipated expenses has not been needed for resolving claims for this Project.

The second process that has been completed efficiently is the close-out of the construction work. Punch list items and corrective work has been completed in a shorter time frame than forecasted. This has reduced the need for additional staff, thus providing additional savings by shortening the amount of time needed to manage and to complete corrections. The forecasted money for this item would have been necessary if a number of outstanding issues or claims were yet to be resolved.

The third area of savings within the GMP that has been managed is the OCIP audit. The process of reviewing all labor hours and verification of the correct credit has been completed, with additional savings being provided to the Project. Again, forecasts for additional labor were projected. However, with the efficient completion of the construction work there was a reduction of labor, thereby providing additional OCIP savings.

With all these positive factors, a savings of \$1,500,000 has been obtained within the GMP contract. Therefore, an adjustment to the contract is needed to reduce the overall GMP to \$101,671,481 and return the savings to the OCC Expansion Fund.

Fiscal Impact:

Change Order #5 will provide a reduction of \$1,500,000 to the GMP contract, adjusting its total from \$103,171,481 to a maximum total of \$101,671,481. This portion of the GMP savings was anticipated and the funds identified by these savings have already been approved and allocated to finance additional Expansion-related alternate projects now being managed by the OCC Expansion Office.

A final adjustment and audit of GMP actual savings is still pending. It is anticipated that a Change Order #6 will be required in order to finalize the actual total Project savings.

Recommendation:

Staff recommends that the Metropolitan Exposition Recreation Commission:

1. Approve Change Order #5 to MERC GMP contract 922771 with Hoffman Construction Company of Oregon for the Oregon Convention Center Expansion Project to reduce the GMP contract total by \$1,500,000 to a total of \$101,671,481.00 and
2. That the MERC Commission approves returning the GMP savings to the OCC Expansion Fund for use on other pre-approved Expansion related projects, and
3. That the MERC Commission further authorizes the MERC General Manager to execute Change Order #5 to the GMP contract on behalf of the Commission following established signature authority protocol.

CHANGE ORDER

AIA DOCUMENT G701

| | |
|------------------|-----|
| Distribution To: | |
| OWNER | YES |
| CONTRACTOR | YES |
| ARCH | YES |

Project: Oregon Convention Center Expansion
 (Owner) MERC
 777 NE MLK Jr. Blvd.
 Portland, Oregon 97208

CHANGE ORDER NUMBER: **05**
 INITIATION DATE: July 1, 2003

To: Hoffman Construction Company of Oregon
 (Contractor) 805 SW Broadway
 Suite 2100
 Portland, OR 97205

CONTRACTOR'S PROJECT NO.: 1360000

CONTRACT FOR: Oregon Convention Center
 MERC CONTRACT NO.: 922771
 CONTRACT DATE: February 25, 2001

You are directed to make the following changes in this Contract:

1) This Change Order incorporates project savings to date and is an interim Change Order to assist Owner. Savings based on Final costs of the work. Final billing and project close-out is to occur no later than July 31, 2003:

- Deduct savings gained to date in GMP close-out <\$1,500,000.00>

TOTAL <\$1,500,000.00>

There are no costs added for HCC fees per the 10% "deadband" contract requirements.

Not valid until signed by the Owner, the Architect [if applicable] and the Contractor.
 Signature of the Contractor indicates agreement herewith, including any adjustment in the Contract Sum or the Contract Time.

| | |
|--|------------------|
| The original Contract Sum/Guaranteed Maximum Cost was | \$98,500,000.00 |
| Net change by previously authorized Change Orders..... | \$4,671,481.00 |
| The Contract Sum/Guaranteed Maximum Cost prior to this Change Order was | \$103,171,481.00 |
| The Contract Sum/Guaranteed Maximum Cost will be <i>increased</i> by this Change Order | <\$1,500,000.00> |
| The new Contract Sum/Guaranteed Maximum Cost including this Change Order will be | \$101,671,481.00 |
| The Contract Time will be <i>unchanged (per item 5 above)</i> by this Change Order | 0 Days |
| The Date of Substantial Completion as of the date of this Change Order therefore is | April 15, 2003 |

Recommended:


 BY _____ DATE 7/3/03

HOFFMAN CONSTRUCTION CO.
 CONTRACTOR

Approved:


 BY _____ DATE 7/23/03

MERC
 OWNER