

**MEMORANDUM**

<i>To:</i>	Dave Corliss and City Commissioners	<i>Date:</i>	19 May, 2013
<i>From:</i>	John Wilkins	<i>Project Name:</i>	Sports Village – Recreation Center
<i>Cc:</i>		<i>Project No.:</i>	0112-0020
<i>Subject:</i>	Recreation Center Bids		

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This memo is intended to clarify a few things about the estimate we provided the City for the Recreation Center and some opinions on the recent bids received.

In August, 2012, we were asked to provide the City with an estimate for the 181,000 sf recreation center. Gould Evans provided a detailed itemized estimate and in addition to that we reached out to Crossland Construction Company to get an independent contractor's estimate for the project. We had also contacted Frisco, TX to inquire about the construction costs for that project since that was the basis for much of what we were doing.

Our estimates at that time without sitework, but including building pad were as follows:

Gould Evans	\$97/sf	\$17,500,000
Crossland Construction (see attached)	\$93/sf	\$16,800,000
Fieldhouse USA (Frisco, TX, 2009) (Note: \$125/sf including limited sitework)	\$100/sf	

Once the project moved sites, the City hired CPS with KBS contractor's to provide 3<sup>rd</sup> party quality assurances and as part of that provide detailed cost estimates for this project. Gould Evans did not provide any additional itemized estimates, but used the \$/sf numbers from the earlier designs.

We were recently asked to provide an updated cost estimate in addition to the estimate KBS provided. Given that the KBS estimate was higher than ours, we chose to go with the higher range of our 2 estimates and bump it 5% to account for the additional scope that had been added over the last month including the additional foundation work.

Our revised estimate was	\$102/sf	\$18,462,000
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It should be noted that constructing the building pad was in the earlier estimates our firm and Crossland Construction provided. The estimated value of the building pad is \$400,000 and should have been deleted from our estimate(s).

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This work would however be part of the infrastructure costs that Gene Fritzel is doing.

In reviewing the bids, it is of note that Crossland Construction's original estimate of \$16,800,000 (\$16,400,000 w/o building pad) was quite a bit higher than their actual bid of \$10,700,000. Based on that, I discussed and reviewed Crossland's bid with them to determine why there was such a big disparity between the estimates and the bids. Here are few items of note.

The majority of the project costs are in the concrete, steel, wood floors, athletic equipment, and HVAC/Electrical. There was significant competition in these areas.

- The actual bids for steel, hvac, and flooring came in \$4,000,000 under Crossland's estimates.
- Our estimates were based on fair market value for concrete. Many of the general contractor's would have had to subcontract out the tilt-up concrete work, however both Gene Fritzel, and Crossland have the capabilities to self perform this work which is one of the reasons, those 2 firms were able to come in so much lower than the other contractor's.
- Gene Fritzel is already mobilized on-site and you would expect to have lower general conditions than other contractor's. Crossland indicated that they were very interested in this project and as such reduced their general conditions and fees a significant amount compared to their earlier estimates. Crossland's estimates had 11.4% for general conditions, overhead and profit, insurance and bonds. They indicated that their bids were \$500,000 less than their earlier estimates.
- If you take Crossland's original estimate without building pad of \$16,400,000 and reduce by the 2 items above directly attributed to competition, (\$4,500,000), you would expect a bid of \$11,900,000.
- Since the bid market can be volatile and change quickly, our estimates are typically for the mid-range of the bids. The mid-range of the bids received was \$12,200,000 which sometimes is referred to as the fair market value of the building. That is 34% less than our estimate and 26% less than Crossland Construction's estimate. All indications from contractor's in the KC area is that in the last year, there has been more construction activity and they are advising clients and architects that construction costs are increasing and this should be reflected in estimates. The bid results for this project, did not reflect this sentiment. Instead, they were more indicative of the bidding climate we saw in 2008/2009, where projects were bidding 20% - 25% below market.

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- In conclusion, our original estimate(s) provided to the City were representative of a fair market value, however in this bidding climate, the City was able to take advantage of the competitive bid market especially in the trades where there was a large amount of repetitive work.

I'm happy to discuss this in more detail if you would like.

Sincerely,

John M. Wilkins Jr., AIA, LEED ap  
Principal