

# CITY OF HIGH POINT

## AGENDA ITEM



### **Title: Samet Basic Design/Build Agreement for Stadium (Catalyst Project)**

**From:** JoAnne Carlyle, City Attorney

**Meeting Date:** Monday, October 2, 2017

**Public Hearing:** No

**Advertising Date:** N/A

**Advertised By:** N/A

**Attachments:** City Council Memorandum

---

#### **Purpose:**

The approval of a Design/Build Agreement with Samet Construction for the construction of a multi-use stadium and entertainment venue.

#### **Background:**

The basic design/build agreement with Samet is for the design and construction of a new multi-use stadium with flexibility to host outdoor concerts, festivals and community and family-friendly events. The contract amount of \$3,856,576 will be applied toward a Guaranteed Maximum Price (GMP) of \$30,000,000. Samet needs to begin design, demolition and construction to meet the projected deadline of the Stadium opening in April 2019. In the event something happens that leads to not moving forward on the project, the City's monetary obligation will be for the design and demolition work performed by Samet through the date of termination of the contract.

#### **Budget Impact:**

\$3,856,576 applied to the GMP of \$30,000,000

#### **Recommendation:**

Staff recommends City Council approve a contract with Samet Construction in the amount of \$3,856,576 for the basic design, demolition and construction of the Multi-Use Stadium (Catalyst Project).



**DATE:** September 27, 2017

**TO:** City Council

**FROM:** JoAnne L. Carlyle, City Attorney

**RE:** Samet Basic Design/Build Agreement for Stadium Project

The basic design/build agreement with Samet for the stadium project has been agreed upon, and after a final review, will be available for council's consideration. This basic agreement is based upon an industry form for design/build contracts (from the American Institute of Architects), which has been appropriately modified to meet the City's design and construction requirements. The basic agreement sets the legal standards for Samet's work, but does not address specific charges by Samet for its work.

### **Approach toward Agreements on Samet's Pricing**

Samet's charges for its stadium project work will be addressed and agreed upon in a series of future agreements which will amend the basic design/build agreement. The first of these future agreements, which has already been negotiated with Samet, is really two agreements: first, an "amendment" covering Samet's project design work, and second, a "change order" for the demolition work requested by the City of Samet in the near future. This approach, i.e. introducing specific aspects of the work (and pricing for the work) into the contract by amendments or change orders agreed upon after the basic design/build agreement is in place, is normal for a design/build project of this nature.

### **Design Pricing / First "Amendment"**

As mentioned above, the first "amendment" covers Samet's design work for the entire project. This design work needs to be pursued initially as a coordinated package, and the design work needs to be completed, or nearly completed, before the bulk of the "build" part of the design/build contract can be priced and can begin. The amount of the initial "amendment" is \$2,403,329. This is consistent with the pricing provided in July by Samet for the design work. The design work needs to begin at this time in order to meet project deadlines, which is why the charge for Samet's design work is in the first amendment.

---

### **Demolition Pricing / First “Change Order”**

Samet has also now presented pricing for the desired demolition work, with this pricing being in the form of a proposed “change order.” The amount of this proposed change order is \$1,654,059. The demolition work is included in this initial proposed “change order” because it is a key initial part of the construction process and should be done promptly to keep the project moving forward in a timely fashion.

### **Guaranteed Maximum Price Process**

These two prices begin the Guaranteed Maximum Price (GMP) process on the project. The GMP is the total amount that Samet will charge for all of its work on the project. The overall Guaranteed Maximum Price (GMP) for Samet’s design and construction of the stadium cannot be established until the design work is completed (or very nearly completed). In this regard, Samet understands our project budget of around \$30,000,000.

The prices of the design “amendment” and the demolition “change order” add up to \$3,856,576. This is the first step toward a GMP of \$30,000,000 for the project. The first GMP amount will be \$3,856,576. The GMP amount will increase later through the issuance of agreed upon Change Orders as additional work is designed and priced. It is anticipated that the “final” GMP for the entire stadium project will be established in early 2018.

### **City’s Commitment and Flexibility**

Please note that the City, if it enters into the basic design/build agreement and the design “amendment” and demolition “change order” at this time, is NOT fully obligating itself to move forward with construction of a \$30,000,000 project. In the event something happens that leads to a decision not to move forward with the project, the City will be able to terminate the design/build agreement with Samet. If this happens in the near future, the City’s monetary obligation to Samet as a result of the basic agreement, the design “amendment” and the demolition “change order” will in essence be for the design and demolition work performed by Samet through the date of termination.