Agenda Item #3H-/

## PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS AGENDA ITEM SUMMARY

Meeting Date: January 23, 2024 [X] Consent

X | Consent [ | Regular | | Workshop [ | Public Hearing

Department: Facilities Development & Operations

### I. EXECUTIVE BRIEF

# Motion and Title: Staff recommends motion to approve:

- A) Budget transfer in the amount of \$4 Million within the IST Fund from IST Reserves to appropriate funds to the Gramercy Park Expansion project;
- B) Amendment No. 1 to the Construction Manager (CM) at Risk Services Federally funded project contract (R2022-1193) with Hatcher Construction & Development, Inc. (CM), establishing a Guaranteed Maximum Price (GMP) in the amount of \$11,284,247.68 for the Gramercy Park Neighborhood Center project for a period of 380 calendar days from notice to proceed; and
- C) Irrevocable Letter of Direction submitted by the CM dated December 4, 2023 and requested by its surety directing the establishment of an escrow account for the project.

Summary: On October 18, 2022, the Board of County Commissioners (Board) approved the CM at Risk Services Federally funded project contract (R2022-1193) with the CM for the Gramercy Park Neighborhood Center project. The Gramercy Park Neighborhood Center project includes, but is not limited to, the construction of an approximately 11,000 square feet neighborhood center located at the corner of Park Avenue and 45th Street in West Palm Beach. The center includes a large multi-purpose room, classroom, kitchen, offices and building support spaces. Site amenities include a parking lot, landscaping, a mulch-surfaced walking trail and associated site infrastructure work. Amendment No. 1 establishes a GMP in the amount of \$11,284,247.68 for the construction management services necessary for the construction of the Gramercy Park Neighborhood Center. The CM will have 380 calendar days from notice to proceed to substantially complete the project. Liquidated damages for failure to achieve certification of substantial completion within the contract time or approved time extension thereof are \$550 per day. The surety bonding the project, Indemnity National Insurance Company (Surety), has requested that the CM issue an Irrevocable Letter of Direction to the County for the establishment of a project dedicated escrow account, under which the County will issue all payments directly to the escrow which is managed by an third party escrow agent. The Irrevocable Letter of Direction is a funds management tool commonly used by sureties though not commonly seen on County construction projects. Staff recommends approval of the Irrevocable Letter of Direction since it was requested by the CM and the Surety for this project and staff has identified no detrimental impacts to the use of an escrow arrangement on County projects. A similar arrangement is in place on another County project and the process has been working smoothly. Continued on Page 3

Background and Justification: Continued on Page 3

#### Attachments:

- 1. Location Map
- 2. Budget Availability Statement
- 3. Budget Transfer
- 4. Amendment No. 1
- 5. CM at Risk Services History Sheet
- 6. Irrevocable Letter of Direction

Recommended by:	Smow C. Rept Colley	12/3/22
Approved by:	Department Director	Date 1/6/24
	County Administrator	Date /

## II. FISCAL IMPACT ANALYSIS

		II. FISCAL I	IMPACT ANA	ALYSIS		
A.	Five Year Summary of l	iscal Impact:				
Fi	scal Years	2024	2025	2026	2027	2028
Capital Expenditures Operating Costs External Revenues Program Income (County) In-Kind Match (County		\$11,284,248 (\$5,000,000)	None and the second			
		192,000,000)				
NET FISCAL IMPACT # ADDITIONAL FTE POSITIONS (Cumulative)		<u>\$6,284,248</u>	so O oct	er O eg	TO DOS	-0-
Is Item Included in Current Budget:  Is this item using Federal Funds?  Is this item using State Funds?  Yes X No Yes X No Yes No X						
Bud	get Account No: Fund <u>3950</u> Fund <u>3600</u> Fund <u>3600</u>	Dept <u>581</u> Dept <u>582</u> Dept <u>581</u>	Unit <u>P945</u> Unit <u>P945</u> Unit <u>P945</u>	Object 650	02	
	CONSTRUCTION STAFF COSTS CONTINGENCY TOTAL	\$ \$	84,247.68 0.00 0.00 84,247.68			
В.	Recommended Sources of	Funds/Summa	rv of Fiscal I:	maat:		
B. Recommended Sources of Funds/Summary of Fiscal Impact:  Funding for this project is from the information of the information						
Funding for this project is from the infrastructure sales tax, CDBG and ad valorem funds.						
C. Departmental Fiscal Review:						
III. REVIEW COMMENTS						
A.	OFMB Fiscal and/or Cont	ract Developme	ent Comments	3.	Λ	
OFMB CD 12/19/23 QH 12/13 Contract Development and Control						
В.	Legal Sufficiency:		1111 10 10 1	1971		V
	Assistant County Attorney	1/3/2	-4	•		
C.	Other Department Review	;				
	Department Director	•				

This summary is not to be used as a basis for payment.

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Summary: The CM was selected through a competitive solicitation in accordance with the Federal requirements provided by the Department of Housing and Economic Development (DHED). Under the Federal requirements, this project has a 22.4% minority and 6.9% female Equal Employment Opportunity (EEO) participation goal. The CM anticipates EEO utilization of 22.4% Minority and 6.9% Female participation in the construction phase. Funding for this project is from the Infrastructure Sales Tax, CDBG, and Ad Valorem Funds. (Capital Improvements Division) District 7 (MWJ)

Background and Justification: CM at Risk is a project delivery method in which the CM provides design phase assistance, evaluation of cost, schedule and implications of alternate designs, systems and materials, and serves as the general contractor bidding the subcontracts for construction. Amendment No. 1 authorizes the construction management services necessary for the construction of the Gramercy Park Neighborhood Center project, which will benefit the residents of the Gramercy Park Neighborhood.