



City of Foley, AL

The City of Foley Public
Cultural & Entertainment
Facilities Cooperative
District
407 East Laurel Avenue
Foley, AL 36535

Meeting Minutes - Final

Public Cultural & Entertainment Facilities Cooperative District

Monday, November 16, 2015

2:00 PM

Conference Room

Call to Order

Chairman Floyd Davis called the meeting to order at 2:04 p.m.

Roll Call

Members present are Keith Newton, Charles J. Ebert, III and John Koniar. Mr. Welytok was out of town. Others present: Vickey Southern, Mike Thompson, Don Staley, Jeff Rouzie, James Adams (HPM), Yann Cowart (GMC), Nick Klarman (HPM) and Terry P. Christmas (HPM).

Present: 4 - Floyd A. Davis, Keith Newton, Charles Ebert III and J Koniar

Present: 4 - Floyd A. Davis, Keith Newton, Charles Ebert III and J Koniar

Approval of the November 2, 2015 Minutes

[15-0695](#)

Approve 11-02-2015 PCEFCD Minutes

Attachments: [11-02-2015 PCEFCD MINUTES.pdf](#)

The November 2, 2015 Minutes was approved on motion by Mr. Ebert and seconded by Mr. Koniar. The vote passed unanimously.

Old Business

[15-0675](#)

Consider hiring an architect for the Cultural & Entertainment Center

Attachments: [SITE PLANS.pdf](#)
[GOODWYN MILLS CAYWOOD PROPOSAL.pdf](#)
[GOODWYN MILLS & CAWOOD AIA CONTRACT.pdf](#)

Mr. James Adams stated he is the Gulf Coast Divisional Manager with Hoar Program Management (HPM) and their corporate office is located in Mobile. Any customers located in southern Alabama and Florida fall under his responsibility. Nick Klarman and Terry Christmas is also on his team. The architect, under a separate contract, is Yann Cowart. See the attached matrix. The responsibilities were put into a matrix so that in reviewing you can see what you are getting when you see an HPM contract being proposed versus if you don't see one, which is just a design professional contract. They were fortunate enough to help the Cooperative District be successful with the first

phase of the CAFFM, Inc. (Farmers Market Project), on a very limited role and then on phase two with Moe's Barbecue helping that phase become a reality. They were very happy to continue the relationship.

HPM recommends the owners hire the design professionals. On the event center HPM acts as the construction team and an extension of the District. HPM brings people into an organization, i.e. the City of Foley, and acts as an extension of them. Their mission is to make things as most cost effective as they can. The architect still does his work as planned and he has a component during the construction phase and up to construction is approximately 80% of his fee. He only has 20% of his contract that he is responsible for from a fee stand point during the construction phase. He is responsible for periodic inspections, on site and a lot of things.

HPM's plan is to have a full-time team, made up of Mr. Klarman and Mr. Christmas, on site. From the onset they bring real cost data to the architect's design based on their experience. They are contractors by nature but for you they are acting as a consultant or the construction manager as an agent of the District/City where they have stripped all the premium costs that a general contractor may have in his numbers. HPM takes on that responsibility as your construction agent. Sometimes when you bid out a project you think you are getting the best price and it is the lowest price but what you still don't know is the cost could have still been even lower. Sometimes when you bid to one general contractor just through an architect you don't know who you will end up getting. You could get a general contractor that is local or someone that is not local and they control all those resources coming in and they could be out of town resources or they could be folks they don't know and sometimes the project goes well and sometimes they don't go well. What they found in this part of Baldwin County is they try to bring in all the local subject matter experts to the table, such as the electricians, plumbers, etc. and they break a big project down that Yann designs to HPM into small packages that doesn't create a problem for a sprinkler man that really wants to have the opportunity to compete for the job and in doing that there is not a mark up on top of his number, on top of his number and on top of his number that a general contractor has to be responsible. He has an independent contract directly with the cooperative district or the city and they administer that contract for him. They know what the true cost is and they don't have all the additional supervision in his numbers because that is where HPM comes in to help supplement. That is what we call a construction manager's agent and they have been very successful in doing that for the City of Foley.

A prime example is the five-plex project they are wrapping up next month. In 2007 it was a \$4.5 million project and Mike said I don't have a penny over \$4 million. It looked like a \$4.6 million project if you go the conventional route, i.e. hire a general contractor, along with an architect. HPM asked to take a look at the project to see how they would do. HPM (not the architect because it isn't his job) took the project and broke it down into individual packages. They were successful with having all local contractors on the project with costs trending to be under the \$4 million goal. They had the opportunity of getting to know the local general contractors and Terry is out at the five-plex every day coordinating with them. The mission is to make the City successful because if they are not successful then HPM is not successful. It has been a model that they have been able to use from large or small municipalities to where you take a big project and break it down into a lot of little projects and achieve the same

goal at the end of the day by letting HPM operate as an extension of your staff as the construction manager agent.

There are some tasks that are duplicates but the matrix points out the specifics of each job function, i.e. Schematic cost estimate. The architect provides light estimating versus HPM backs it up with true historic costs data for things of similar character. The last thing they want on bid day is a surprise. He did not want the board members to feel like they are paying for the same services in both buckets because it could be a similar type service but one is more on the design side while the other is the construction team putting their expertise into the project. As Yann develops drawings at 30, 60 and 90%, HPM will in turn provide estimates for those so that when you do get to bid day you have a \$2 million package instead of a \$2.5 million package. HPM has been very good at getting projects in under the owner's budget by utilizing a method such as this and it goes on and on for the different phases. The following page of the matrix talks about the design phase and by law Yann has to be responsible, or his engineers have to be responsible, for the stamping and proofing of the drawings. HPM ensures the drawings meet every intention of the owner and are also practical with the budget piece of it. Sometimes owners think they want things they can't afford, for example a larger parking lot, so HPM bid's it with alternatives. HPM is truly on the construction end of the project and they protect the owner by having control of the entire process. They also bridge the gap when city administrators do not have time to stay on top of the project and that is where they come in.

Jeff Rouzie asked if HPM provided a weekly report on the project. Nick Klarman reported a weekly report with an overview of what has happened during the last week is sent to Vickey Southern on a weekly basis and she forwards the report to the PASFCD board members so that they are kept up to date on the sports field project. The report contains some items that discuss the risk points; 1) Am I going to be on time; 2) How much is it going to cost me; and 3) Do I have any quality issues that I'm going to have to live with long term. Cost control, quality management, and quality assurance are also measured so that the contractor is not trying to cut corners or install something just because the architect is not on site that day. It continues to hold everyone accountable.

Mr. Rouzie reported that when you look at your overall pro forma (construction pro forma) HPM is really the GC and you will have whatever percentage of cost is in the contract. There is not any additional costs. Don't think the fee is an addition to your program. Let us develop the program and include their piece in that and that is the savings that we hope to generate. Mr. Ebert asked if HPM's fee was the same as the GC's fee. If a GC is handling the job and he figures out a way to save \$100,000 on the electrical then he keeps it. If HPM saves \$100,000 on the electrical then it is the owner's money. Mike reiterated the Construction Manager's Agent (HPM) takes the place of the General Contractor.

Mr. Adams reported the state law requires an architect to stamp, design, write subject matter, are experts that size the foundations correctly and develops a set of documents that are a specification manual and a set of documents. Goodwyn, Mills and Cawood, if hired, will do those things. HPM comes along beside them as an extension of the Cooperative District and manages the project from conception. Mr. Newton asked the size of the projects they have

handled. Mr. Adams stated they just recently completed the Airbus project in the amount of \$600 million and they delivered it two months early and approximately 15% under costs. On that project they had three architects, who worked for the owner, and one from HPM and eight to ten different contractors. Mr. Newton asked if the company was local. Mr. Adams reported they have an office in Florida that reports to Mr. Adams; an office in Mobile, Dallas, corporate headquarters in Birmingham, Nashville and Oklahoma City. They try to stay in the southern area; however, they do have customers that are elsewhere such as UTC. HPM will soon complete The Mobile County School Board program that consisted of 18 individual projects in the amount of approximately \$100 million. They are doing the Citronelle High School.

Mr. Davis asked Mr. Adams if they took on the owner's liability. Mr. Adams reported they have a Master Services Agreement and they do inherit the owner's risk but they have a contract directly with the contractors. The contract states, "to the extent allowable by law" and you would indemnify HPM as an agent of yourself rather than HPM standing completely. Mike asked if HPM bid out electrical work and there is a problem, what is HPM's role be on a liability issue between the City and the electrical sub-contractor where the problem exists? Mr. Adams reported they like to have the contractor's name HPM as additionally insured in regards to general liability and that is in the front end document. HPM is safe guarded that way but they have had to go and be challenged. They would ask that the owner and anything the contractor indemnifies the owner against, such as the Cooperative District, they would ask them to indemnify HPM as well. It would be reciprocal. State and city agencies cannot indemnify anyone so their contract language states "to the extent allowable by law."

Mr. Ebert asked do you view and verify all the certificates of insurance. Mr. Adams replied, "Yes." Mr. Ebert also asked about bonding. Mr. Adams reported the city or cooperative district cannot bond themselves but each of the prime contractors can be bonded for each component and that is what happens. Mr. Newton asked what is their role in making sure that the contractor has actually performed the job. Mr. Adams replied that they pre-qualify the individuals first. If it is a public works project you have to have a pre-qualification period where they can only bid on the project if they have done something comparable. They don't need someone practicing on their projects so they try to create comparable things. Once construction starts they interject language into their contract that give HPM's team the stick to be the person in charge of the job site. He makes all the decisions on behalf of coordinating, communicating, and monitoring their progress. If their progress is not sufficient either in quality or in time then they have a reporting mechanism in place. The next day they receive an observation memo that says they were supposed to install 60 doors yesterday based on the schedule meeting and they only installed 30. So then they give the contractor a recovery schedule to get back on track. Every day HPM will have two people in the field while all the construction is going on and one in the office administering those projects so they become the superintendent or team leader for all those teams.

Mr. Newton asked does HPM give you a budget, what the cost is, and an average gross savings in what you brought to the project. Mr. Adams reported that large projects are difficult to measure. For example, the second phase of the CAFFM, Inc. project was \$980,000. At the end of the day HPM's fee was \$77-\$78,000 because it was a small effort but they also worked with a very

small budget. They left \$70,000 in the budget. We like to say we don't add costs to your project, we add value and the savings that we can generate through the rest of it pays for itself.

Mr. Rouzie reported they sit down with HPM and go through pricing so the City knows what the basic project will cost. They have already gone through one vetting session. It gives a clearer picture of where they go. Mr. Newton stated that he likes the support.

Mr. Adams reported you see some economy of skill so that if we have this project, another project and another project parallel, you would not have three individual teams. The teams would do all the projects and that is factored in the savings in turn to you instead of 5% overhead/profit/markup general conditions. They try to stretch the owner's budget to fit by doing that but the actual day to day operations Terry Christmas has over 30+ years of experience of being that person responsible for the project but he is coming to HPM. He will have an assistant that will help him day to day on the job. Nick will be the quarterback for the whole team as the project manager with Yann's starting drawings all the way through and then behind the scenes we have a pre-construction manager that Mike and Jeff have met many times and that is her mission. All she does is take the architect's drawings and put cost data to them so that if we tell you we have a \$12 million project that is now a \$13 million project and that does not start at the bid phase but starts at Yann's first drawing on a page. She will work very closely with the architect and engineer. There are checks and balances in keeping everyone accountable.

Mr. Koniar asked about the enforcement authority. If you are overseeing the project and the contractor puts something in not to specifications do you report that to the City or do you have the authority to change it out. Mr. Adams reported that ultimately those decisions can only be made by the architect. The architect will have to either reject or accept a substandard something that he maybe ok with; however, HPM's person identifies it in the field immediately, stops the work, issues an observation report to that situation, takes a photo of it on his iPad and it is immediately emailed to the architect while he is out in the field. The email states this guy is trying to put in a 6" something instead of a 3" something. At that point they have to rely on the architect's input on his design. They keep all the drawings on the iPad and if something is being observed incorrectly a photo can be taken immediately; they have a fill in the blank tab and it is real time to the architect. They had to create that process over time and it has been used by HPM over the last 12 years.

The architect is on site routinely enough to support his contract requirements but HPM validates the payment request for the owner and architect. The architect may say why do you think he is at this point for payment. He wants proof that he is actually doing the work. There are actually a couple of sets of eyes on the project that really protects the owner's interest. The fees are a flat fee based on the size of the project and how many people he has to have on the project.

Mr. Yann Cowart, architect with Goodwyn Mills & Cawood, reported when they started the project it was Infinity Architecture but since then they merged with Goodwyn, Mills & Cawood. They have offices in Mobile, and a corporate office in Montgomery, Birmingham, and Nashville; the same general areas as HPM. Mr. Cowart brings to the project a similar type of facility that he personally

designed and built (Auburn and Clemson's indoor facilities). All of the buildings are long span structures and they are not typically complex; however, the complexity comes in on how you build them. Some of those components, if it fails, is very problematic to the total. You can't have just one bad contractor and the project be successful. You might be able to over come that in a different type of project. HPM knows the market and knows the clientele, being able to pre-qualify who can build. For example, the fabrication/erection of that structure is a critical path and if you don't have a good erector it can be problematic throughout the whole project to get it done. To have their expertise and pre-qualify the contractors is very important. From the owner's standpoint you are getting the best value, not the best price, for each of those components. Whereas, if you are bidding it to a General Contractor you are getting the low bid and you may have the same sub's that make up part of that team but you may also have one that is not qualified to do the job because he is part of the subcontractor's team. It is a true value add to break down the packages and evaluate those contractors independently to get the best qualified in a very competitive manner. They found that along the way their assistance through the design process helps them to think about things from a constructability point of view. It may be that there is an alternative that is not what they were thinking but from a constructability standpoint is a better solution. It does not decrease quality, it doesn't decrease the value but it saves time on the schedule; it's a ready available product, or it may be manufactured locally. It helps to have that kind of input even during the design process. RCA Services typically makes a bi-weekly site visit, walks the site, writes a report, and talks to these guys, but if the day we leave something goes a wry then it will be awry for two weeks before they get back. If the man is installing one thing that is substandard he might be finished by the time they come back. Now they have a real decision to make as owners and architects as to what does this do to the total value of the project. We are not making clear cut decisions. You make a monetary schedule, decisions, and are maybe more apt to compromise when we really shouldn't compromise. This process is called "integrated design and construction" or "collaborative design and construction". It is bringing all of the entities together at the onset in order to come up with the best solution.

A motion was made by Mr. Ebert to approve Goodwyn Mills & Cawood as the architect and accept their proposal for the event center and Mr. Newton seconded the motion. The motion carried by an unanimous vote.

Enactment No: 15-0017-PCEFCD

[15-0677](#)

Consider approving HPM Admendment #5 relating to Cultural & Entertainment Center

Attachments: [HPM Contract Amendment #5 11-02-2015 3502_001.pdf](#)

Chairman Davis reported the newest member, Mark Welytok, is an architect and went to great lengths to make a ton of notes. His comments show that he spent a lot of time on the proposals and seeing where there is an overlap between the responsibilities of the architect and HPM. It was enumerated many times. He points out where the overlaps are listed in the documents and these are attached as part of the permanent record.

Mr. Cowart reported the matrix was developed by Mr. Klarman and himself and it is an attempt to go through all the line items that are seen as both people

providing the same service and identifying the differences. Mr. Klarman stated 20% of Mr. Cowart's contract covers construction administration where 90% of HPM's contract covers construction administration.

Mr. Thompson asked how the Board would like to handle this. The Board can either move forward with the vote and then sit down with Mr. Welytok, the architect, HPM and staff or you can carry the item over. Chairman Davis has no challenges but reported he felt a duty to note that a committee member submitted his comments in writing and spent a lot of time to get there. Probably, if you had a GC one benefit would be that someone had a responsibility/liability position, but the reverse of that is it would cost you more than the route you are going.

Mr. Ebert asked: 1) if the liability caps would come into play on a construction project; 2) if the caps are the same for the Cooperative District; and 3) is the City's budget for the project part of the contract. Mr. Adams reported HPM put the budget components together establishing the anticipated soft costs and hard costs. It does include HPM's fee. They do not charge an extra fee if something has to be redesigned but they do rely that the construction manager's numbers are accurate. Mr. Ebert stated that one of the recommendations Mr. Welytok had was to put the owner's budget into the architect's contract. Mr. Adams and Mr. Cowart were fine with this recommendation.

Mr. Cowart stated they do a lot of university work at both Auburn and Alabama. Those entities have very large full-time architecture and construction staffs. This delivery method is put in place for any project over \$5 million because construction is more complex than it used to be, and at that complexity the quality of the subcontractor is not at a level as it used to be, and to have that kind of management and being able to make sure you are getting the best sub for each part of that project is critical to the overall success of that project.

Mr. Rouzie reported he was the Program Manager on the Wolf Bay Lodge project and Sterma and Son was the contractor. Mr. Rouzie reported he spent at least 30 hours a week on site. He has to have someone on this size project that he can trust on a daily basis, and know exactly what is going on because the Mayor, Council or City Manager are going to want to know. This method is much more efficient and protects the City as far as costs, design and we have a great relationship. We also vet the subs up front. We know who the good subs are and HPM knows who they can work with. It's a good, wise method for the City and the Cooperative District.

Mr. Thompson reported Mr. Cowart touched on this being the best value for our money but we do have a sample of what program management costs versus GC. Before Blue Collar went belly up the City priced this project out with a GC and the GC price on the project was \$1.5 million. The program management fee on this project is \$600,000 less than what a GC came up with. The contractor is doing our fields today and their pricing on the project was \$1.5 million to the GC and this was a percentage and would push for the alternates. It's more than just the quality; it is the cost efficiency too.

Mr. Ebert asked the total cost for the whole project. Mr. Thompson reported it is \$16 million or under.

Chairman Davis reiterated that he understood that if this board approves the contract it still has to go before the Council for approval. Mr. Thompson reported yes that is correct.

Mr. Koniar made a motion to approve Amendment #5 and Mr. Ebert seconded the motion.

Mr. Ebert reported he wanted it in the record that the Board did discuss Mr. Welytok's concerns, and reviewed the overlaps. Mr. Ebert reported his position is yes there are overlaps but they are in some critical areas, which actually give them added safety and protection.
The vote passed unanimously.

Mr. Koniar reported that if Mr. Welytok was amenable to sit down with staff and go into more detail as to how and why they arrived at this conclusion it would be nice. He also wanted to be sure that we thanked him for doing the work. Mr. Thompson reported that maybe Mr. Welytok can get with him and Mr. Rouzie. Mr. Newton asked if he was a commercial architect. Mrs. Southern reported that he is a commercial architect. Mr. Cowart reported he is more residential than commercial. He has done some smaller commercial and he does have a history with the post office. Mr. Adams reported that he did not think that Mr. Welytok had any experience with this type of delivery method.

Enactment No: 15-0018-PCEFCD

Visitor Comments

There were no comments to report.

Adjourn

Hearing no further comments the meeting adjourned at 3:03 p.m. on motion by Mr. Koniar and seconded by Mr. Ebert.