

Additional Information
October 24, 2023 Board Meeting

The following additional information was provided regarding the October 24 Board meeting agenda:

Item 4.a, Fullerton College 840 Restroom Renovation Project Change Order #2:

1. When a contractor does not abide by the timeline of a project, what leverage does the District have? This item says the project timeline was nearly tripled from 160 days to 436 days (4 months to 15 months) **The main remedy is to not pay the contractor. In some cases, we have a liquidated damages clause in the contract but generally these are not very effective because this leads to litigation. The most effective use of District resources is to keep pushing the contractor to get the job done, avoid litigation, and make a mental note of the contractor for future projects. However, In this case, although the subcontractor was slow to provide an equipment submittal commensurate for the project, it was the manufacturer that required significant time to produce the equipment. Fortunately, the delay had no impact on use of the bathrooms or the opening of the Starbucks, which was the driving factor for renovating the bathrooms.**

Item 4.e, Fullerton College Chapman Newell Instructional Building & New Maintenance & Operations Building Agreement Amendment:

1. What does GMP really mean? It says Guaranteed Maximum Price, yet this project has had two increases in price (of nearly 20%). **GMP does mean Guaranteed Maximum Price, but that is not effective until we actually reach the final GMP. GMP and Not To Exceed (NTE) are an integral part of this particular delivery method called "Progressive Design Build" project delivery method with targeted cost, that in a normal/regular market (low escalation cost and low inflation) the contractor is required not only to target, but to design and meet the cost requirement. When we went to the Board on July 27, 2021, we had an estimated GMP based on the initial estimate per square foot cost. That estimate was \$28,833,781. At that time, only the preconstruction services were guaranteed in the amount of \$3,214,969, essentially the design work. As plans developed and time went on, there was a significant cost escalation due to inflation and change to the size of the building, therefore, the price increased. At the March 28 Board meeting, the Board approved the first increase to the GMP in the amount of \$7,960,291 which was a joint effort between the District's third-party estimators and BNBuilders estimators, but we still did not have all the final pieces to arrive at the final GMP. After much negotiation and review of all the bids received by the contractors, we have finally come to an agreement about what we consider a fair GMP and that is what is presented in the agenda item.**
2. I see the reasons listed for the current increases, but at what point are the prices for construction locked into place? **Prices for construction are negotiated and locked into place once the contract documents have been stamped by DSA for approval and the final GMP has been negotiated with the DBE (Design Build Entity). In turn, Subcontractor quotes are locked, and the contract is signed.**
3. If a company bids the job at one price, who is responsible for "escalation due to material cost increase and current local market conditions?" **Under normal conditions, a price is agreed upon, however, in this particular case, we have only agreed on the pre-construction costs. Final prices and project schedules are only established and locked in at the GMP. Prior to the GMP, costs identified in the design and/or review phase are not final.**