

TO: Mountain Village Town Council
FROM: Michelle Haynes, Planning and Development Services Director; J.D. Wise, Assistant Public Works Director
DATE: 07/13/2022
RE: Consideration of a Bid Award Regarding VCA Phase IV Development Services
RE: Committee Recommendation

Executive Summary

On June 6, 2022, the Town issued a Request for Proposal (RFP) for Village Court Apartments (VCA) Phase IV for Development Services to manage and construct the addition. One response was received from the team of Triumph Development West & SHAW Construction. The VCA Phase IV Interview Committee met on 7/12/2022 to discuss the sole bid submittal and to interview the respondents. The Selection Committee recommends contracting with Triumph Development West & SHAW Construction to provide development services as outlined below.

Background

In 2019 Town staff was directed to begin constructing VCA Phase IV. Design work and construction plans were developed but construction was ultimately put on hold in August of 2019 to pursue for sale or for rent options that would otherwise affect the construction timeline. In 2022 the Town issued a new RFP for VCA Phase IV Construction and received one bid. Due to the cost of construction, among other considerations, Town Council did not move forward with hiring a contractor and directed staff to issue restructured RFP for VCA Phase IV Development Services as an alternate path toward developing Phase IV.

The VCA Phase IV Interview Committee met on January 12, 2022, to interview the sole respondent - the team of Triumph Development West & SHAW Construction. The committee included the following members: Pete Duprey, Town Council; Dan Caton, Town Council; Trevor Browning, VCA Resident Committee; Matt Lewis, VCA Resident Committee; Michelle Haynes, TMV Planning and Development Services Director and Housing Director; Lizbeth Lemley, TMV Finance Director; Finn Kjome, TMV Public Works Director; and J.D. Wise, TMV Assistant Public Works Director.

Discussion

Below is a summary of the primary discussion points during the interview and review process:

- Both the Town and Triumph/SHAW recognize that time is of the essence and an aggressive timeline is needed to achieve the Town's goal of beginning construction in late 2022/early 2023. Securing a modular manufacturer is also a critical path item.
- Triumph/SHAW proposes utilizing modular construction on this project and recognize opportunities for significant cost saving through various value engineering options, including rethinking the HVAC system, removing natural gas from the project and utilizing

only electric energy, rethinking shoring concepts, and others.

- Triumph/SHAW proposes redesigning one of the buildings to consist of “shared living” units that would provide 4 or 5 bedrooms with a shared kitchen/living space and bathrooms. This redesign would result in 7 less units, but 11 additional bedrooms, and would reduce the building footprint by ~2200 sq ft. This would result in both a cost savings and a more efficient layout. The committee was in favor of exploring this concept in one building and continuing with the original 2-bedroom 1 ³/₄ bathroom layout in the other building as originally designed.
- Providing laundry in each unit should be explored as it provides a significant improvement to the livability of the units primarily within the 2 bedroom units but could be considered in the larger apartment units as well.
- Significant cost savings need to be realized for this project to be feasible. In addition to value engineering opportunities, securing grant funds will be crucial. The Town's Grant Coordinator, Lauren Kirn, is actively exploring grant opportunities.
- Should the Town decide to move forward and hire Triumph, the immediate first step would be to schedule a design charette to discuss cost saving measures. The expectation is that Triumph come to the table with their top 10 items for discussion/cost savings and for the committee to make decisions on these cost saving measures. This would then allow Triumph/SHAW to incorporate these decisions into the project design before they take the plans to market and seek bids from 3rd party contractors to provide the Town with a Guaranteed Maximum Price for construction.

Financial Implications

Should Council give direction to move forward, staff anticipates the Town would enter into a contract with Triumph Development West for development services. Triumph's proposed fee for all personnel, office overhead, and profit is 4% of total project costs managed by Triumph, excluding contingency. Triumph proposes structuring that fee as a monthly retainer of \$20,000/month for 16 months plus milestone payments of \$150,000 at two key milestones – signing the Guaranteed Maximum Price Contracts and receiving the building permits. The remaining balance would be due when the Temporary Certificate of Occupancy is issued.

Once bidding is complete, Triumph's proposal outlines that the hard costs would be shared with the Town on an open book basis and a Guaranteed Maximum Price would be provided. Should the Town elect to move forward, Town would enter into a contract with SHAW Construction and the selected modular company, and Triumph would continue to manage the project as the Development Manager.

The committee anticipates needing to reduce overhead by +/- \$6 million through a combination of cost savings and grant funding.

The proposed pricing provided based upon the provided plan set was 22.3 million dollars and roughly \$544.27 a square foot. The goal would be to bring the pricing into the \$450 dollar a square foot range and secure additional grant or gift funding to make this project work from a financial basis.

Recommendation

The Phase IV VCA Interview Committee recommends moving forward with hiring Triumph Development West to provide development services for the Phase IV VCA Development and immediately scheduling a design charrette. Given there may be some redesign, we could structure service contract and then once a GMP can be established or similar threshold, we executed a contract for development services.

/jd/mh