

AGENDA

WESTMINSTER ECONOMIC DEVELOPMENT AUTHORITY SPECIAL MEETING

MONDAY, April 23, 2012

AT 7:00 P.M.

- 1. Roll Call**
- 2. Minutes of Previous Meeting** (March 26, 2012)
- 3. Purpose of Special WEDA Meeting is to**
 - A. Authorize a Change Order for Phase 2 of the Westminster Mall Demolition Project
- 4. Adjournment**

CITY OF WESTMINSTER, COLORADO
MINUTES OF THE WESTMINSTER ECONOMIC DEVELOPMENT AUTHORITY
MONDAY, MARCH 26, 2012, AT 7:16 P.M.

ROLL CALL

Present at roll call were Chairperson McNally, Vice Chairperson Winter and Board Members Atchison, Briggs, Kaiser, Lindsey, and Major. Also present were J. Brent McFall, Executive Director, Martin McCullough, Attorney, and Linda Yeager, Secretary.

APPROVAL OF MINUTES

Board Member Briggs moved, seconded by Board Member Major, to approve the minutes of the meeting of March 19, 2012, as written. The motion carried unanimously.

RESOLUTION NO. 140 APPROVING 1ST AMENDMENT TO COMPASS LOAN AGREEMENT

It was moved by Board Member Atchison and seconded by Vice Chairperson Winter to adopt Resolution No. 140 approving the First Amendment to the Loan Agreement between the Westminster Economic Development Authority and Compass Mortgage Corporation dated May 8, 2009 and authorizing the Executive Director to execute the Amendment. The motion passed unanimously on roll call vote.

ADJOURNMENT

There was no further business for the Authority's consideration, and it was moved by Winter, seconded by Atchison, to adjourn. The motion passed and the meeting adjourned at 7:17 p.m.

Chairperson

ATTEST:

Secretary

WEDA Agenda Item 3 A

Agenda Memorandum

Westminster Economic Development Authority Meeting
April 23, 2012



SUBJECT: Westminster Mall Demolition – Phase 2 Project Change Order

Prepared By: David W. Loseman, Senior Projects Engineer

Recommended Board Action

Authorize the Executive Director to execute a change order with American Demolition, Inc. for the demolition of the Sears and Sears Automotive buildings in the amount of \$83,000, bringing the total contract amount to \$423,702 for the Westminster Mall Demolition – Phase 2 Project; and authorize a construction contingency in the amount of \$15,000.

Summary Statement

- Over the past few years, the Westminster Economic Development Authority (WEDA) has acquired approximately 90% of the Westminster Mall property, and Staff believes that it is in the City's best interest to continue removing a majority of the structures in preparation for the eventual redevelopment of the property. The subject change order is for the removal of the Sears and the Sears Automotive buildings. The Dillard's building, the Wards building and all of the remaining mall, with the exception of the Sears, Sears Automotive, J.C. Penney, Olive Garden, Brunswick Bowl, U.S. Bank and the dentist's office buildings, were all demolished as part of American Demolitions' original contract for Phase 2.
- Staff is recommending that this additional work be contracted via a change order in lieu of a competitive bid for several reasons. First, American Demolition is willing to perform this additional work at the unit prices that they proposed in their original contract, which was approximately \$146,000 lower in price than the next lowest bidder. Second, American Demolition is mobilized on the site, and they will be completed with the current scope of their work by the end of May. At that time, they can immediately commence the demolition of the Sears Automotive building. Finally, it would be ill-advised to have two different contractors working in overlapping work areas on this site due to contractual and warranty issues. A \$15,000 contingency is also recommended for this change order to account for any potential uncovered environmental issues.

Expenditure Required: \$98,000

Source of Funds: WEDA
- Westminster Center Urban Reinvestment Project Capital Improvement Project

Policy Issue

Should the WEDA Board approve this change order to the original contract with American Demolition for the Phase 2 Demolition Project?

Alternative

The WEDA Board could require this change order to be competitively bid. City staff recommends approval of the change order because staff is very confident that no other contractor would submit a price lower than the \$83,000 that American Demolition has proposed. This opinion is based on the original Phase 2 contract bids in which the second low bidder was approximately \$146,000 higher than the bid received from American Demolition and the fact that the change order is based on the unit prices that American Demolition used in their original bid.

Background Information

Over the past few years, the Authority has purchased many properties at the Mall making WEDA the owner of over 90% of the site. Staff is recommending demolition of portions of the Mall in a timely manner because of security costs, utility costs and the desire to show activity in the redevelopment of the property. The first phase of this effort was the demolition of the Mervyns, Macys, Steak and Ale and the theater buildings. The second phase of demolition included the Dillard's, Montgomery Wards and the main mall corridor buildings - essentially all structures within the main mall structure with the exception of the Sears and J.C. Penney stores. Accommodations for fire protection, electrical, gas, water service, sanitary sewer service and parking lot lighting will be made to maintain all of these services to J.C. Penney so that the store can continue to operate once the Mall demolition is completed.

The original contract with American Demolition for the Phase 2 Demolition Project was executed on September 29, 2011 in the amount of \$339,250. Since that time, three change orders have been issued. The first change order was in the amount of \$750 and included constructing a temporary road between the JC Penney store and the Sears store during the holiday season. The second change order was in the amount of \$14,544.63 and included additional asbestos abatement at the Dillard's building that was unforeseen because the asbestos was covered by drywall material. The third change order resulted in a deduction in the amount of \$13,842.47 that included additional asbestos remediation at several loading docks but also included a significant deduction for the cost of electrical repair work that was partially the responsibility of American Demolition. These three change orders result in a current contract amount of \$340,702.16, which is approximately 1% over the original contract amount. The fourth change order, which is the subject of this Agenda Memorandum, is the demolition of the Sears and Sears Automotive buildings in the proposed amount of \$83,000. If this change order is approved by WEDA, the new contract amount with American Demolition will be \$423,702. It should be noted that this proposed revised contract amount of \$423,702 is still approximately \$70,000 less than the next lowest bidder from the original Phase 2 bid and is further justification for staff recommending approval of this change order without a competitive bid.

WEDA's contract with Sears requires the vacation of both buildings by the end of June. In anticipation of this, an asbestos survey was recently completed for the Sears and Sears Automotive which now allows for the quick permitting and demolition of both of these buildings that should be completed by August 2012. The approval of the recommended change order will provide the most cost effective and quickest approach to removing these buildings. A \$15,000 contingency is also recommended for this change order to account for any uncovered environmental issues relating to this demolition.

WEDA action on this item meets elements of two goals in the City's Strategic Plan: Strong Balanced Local Economy, and Vibrant Neighborhoods in One Livable Community.

Respectfully submitted,

J. Brent McFall
City Manager