



TOWN OF CARRBORO

NORTH CAROLINA

**“The 203 Project”
Construction Manager at Risk (CMAR)**

**To: David Andrews, Town Manager
Mayor and Board of Aldermen**

From: Joe Guckavan, Public Works Director

**Cc: Cathy Dorando, Town Clerk
Robert Hornik, Town Attorney
Arche McAdoo, Finance Director
Trish McGuire, Planning Director**

Date: August 8, 2018

Subject: “The 203 Project” CMAR

Background and Summary

The purpose of this memorandum is to provide background information regarding the Construction Manager at Risk (CMAR) status and recommendation.

Information

The 203 Project, located at 203 S. Greensboro St, is currently in the schematic design phase with the architectural firm Perkins & Will (P&W), approved by the BOA on April 3, 2018 at their regular meeting. County and Town Staff have considered alternatives for the delivery method process during the design and construction phases. We believe that a Construction Manager at Risk (CMAR) will provide the most efficient and cost effective method throughout the design/build phases. The CMAR model will provide the Town the benefit of expert knowledge regarding construction costs and methods as well as “value engineering” partnering with the architects during the design phase. This method saves time, endeavors to minimize field changes and change orders and helps to reduce costs and increase value. In addition, the CMAR contract will provide a guaranteed maximum price for construction, allow the Construction manager the ability to assemble the best team of subcontractors, assuring the best outcome.

Accordingly, we received submittals to our RFQ for a CMAR on July 31st from two companies—the Resolute Building Company and Barnhill Contracting Company. The qualifications of each submittal are under review by staff. Upon selection we will begin negotiating a contract to establish the CMAR relationship with the best qualified company.

Included below for your use is an article explaining the Construction Manager at Risk model:

<http://watchdogpm.com/blog/project-delivery-method-construction-manager-risk-cmar/>

Construction Manager at Risk (CMAR) is one of the four prominent models of project delivery. The other models include Design Build (DB), Design Bid Build (DBB) and Integrated Project Delivery (IPD). In the CMAR model, the owner establishes two contracts: one with the owner, and one with the designer. What distinguishes CMAR, is that it entails a commitment by the construction manager (CM) to deliver the project within a **guaranteed maximum price (GMP)**. The GMP is based on construction documents and specifications, plus any reasonably inferred items or tasks.

Owner Advantages of Construction Manager at Risk Project Delivery Method:

- There is a higher level of cost control from the start. A successful CMAR project would involve hiring the CM prior to the architect and having the CM help select the architect. During the design process, the CM provides cost estimates. The architect can only move onto the next phase of the project once the CMAR estimates are in line with the established budget, thus allowing the owner to maintain budget control.
- The owner's risk is limited by the CMAR process, providing the construction documents are complete and proper allowances and contingencies are built into the GMP. The GMP provides the owner with the assurance that their budget will be maintained.

Disadvantages of the Construction Manager at Risk Project Delivery Method:

- The CM-architect relationship can lead to some of the same issues that arise in the design-bid-build delivery process: disputes between design intent and construction feasibility. For this reason, it is recommended that the CM be involved in the selection of the architect to reduce the risk of an adverse relationship.
- The CMAR method is better for larger projects. If your project is on a smaller scale, this might not be the best method.
- The owner may be financially liable for the exclusions and inconsistencies in the contract documents. This is why it is recommended that the owner be well versed in construction projects, to ensure that no details are missed in the final contract documents or drawings. Having a project management team on board is also advantageous because the team offers an extra set of eyes on all contract documents and plans.

Recommendation

Staff recommend that the Board of Aldermen authorize the Town Manager to enter into agreement with a selected construction management company to provide CMAR services for The 203 Project.