

## Staff Progress Report

Project                      New Administration Building for the Municipality of Argyle

Date                              3<sup>rd</sup> May 2019

Hello Team,

We understood that council has not made a decision to proceed on the basis of our proposal. It is understandable that they would like to hear directly from us, and we are happy to do so next week. We will describe the various factors that have led to the predicament, some of those we have control over and can change, some were not foreseeable and some have arisen from unfortunate misunderstandings. We want to resolve this and we need to explain that for the part that we can control – the design – we are taking a different approach in response to changed objectives. We will design the building to be very simple in form and with all the spaces needed in accordance with recent comments from staff. We will also lay out the options MODA has under our contract, and the context of the construction budget and consultant fees.

We spoke with Hans yesterday and he has to give FCM an update on the project schedule, in particular the completion date. We did not stipulate a completion date for bidders so that their bids would not increase due to time pressure. In the tenders that we received the contractors indicated a construction period of 18 months. We suggested to Hans that with the vast majority of the building work starting in March, we should count 18 months from there, and when the contractors provide their schedule we can update FCM. This date is for the purpose of updating FCM. If we leave the completion date open for contractors to decide again, they may come back with a shorter period. I would expect this but can't guarantee it. Of course, if MODA wants instead to stipulate a completion date in the tender documents we will do so. We will discuss this option with you in due course, we have until January to decide this.

We have said that our tentative plan is to tender the work in two phases, on the basis of what Randy Mosher our cost consultant had to say. No firm decision has been made on whether there will be one phase or two. We cannot make such a decision without having all of our team involved and that will happen when we have instruction to proceed and we know exactly what direction we need to go. I described in our meeting (borrowing a term strongly associated with Brexit) that "the backstop" is that we will tender everything in January, and if it is advantageous and possible to split the tender into two phases then we will do that. Tendering everything in January was and remains a possibility, and again, no firm decision has been taken and will not be taken until we have all our consultants mobilized around the table.

It would be unwise to assume on the basis of one team member's opinion that there is no other possible outcome. For example, it may appear to a cost consultant that it makes good sense to

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complete the earthworks and concrete up to pouring the floor slab before winter, so framers can start framing as soon as the weather clears in Spring. Our civil engineer however is uncomfortable with leaving the floor slab over winter. Our structural engineer certainly would never recommend it, because it will likely heave and possibly crack. We could, then, do everything except pour the floor slab, just pour the footings and foundation walls. However, this would mean that concrete trades would be on site before winter and then again after winter, so that means they mobilise twice, which is more work, and this doesn't seem to be efficient. We could, then, do everything except pour the concrete, just excavate and compact under footings. However, an engineer needs to inspect the load bearing soil surface prior to pouring footings, and left all winter the holes will fill with water and mud and would probably need to be scraped again anyway. We could, then, leave the footings for phase two and just do the other earthworks; rough grading, lay and compact gravels and asphalt. But the asphalt would get damaged by construction works, so that should not be done until the building is substantially progressed and no heavy equipment is going to be driving on site. However, according to our civil engineer the groundworks contractor won't want to lay gravels until right before the asphalt is laid as they will get messed up. That leaves the rough grading, meaning that the earthworks contractor would be quoting prices for work partly done in one year and partly in the next, leaving him open to risk of price changes for materials like asphalt, and so either we risk higher prices for his higher risk and mobilizing twice, or we divide the earthworks into two separate contracts which could be complicated. These are examples of technical issues that illustrate why we are not making a decision based on only one team member's thoughts, and there may well be other considerations brought up when we bring everyone together to have this conversation. We can't bring people together at their own expense to decide on a hypothetical question, we first need to have agreement with MODA on fees, budget and direction.

In construction, issues seldom involve only one person's expertise as they have implications on each other's work, and so all team members have to be brought together to bring all the information and agree on the best way. Not only do different team members have expertise in different areas, they also have different experiences in the same area. For example, Randy Mosher has said that we could get good prices for earthworks by tendering in the summer for work to be completed before winter, as contractors may be looking for work to do at that time. Our civil engineer Dave Bell has said that tendering in Summer for work in the fall is when they see the highest prices, as contractors are always busy finishing off their current jobs before the winter.

Clearly there are many considerations and I have described a few of them above. In order to make a decision on this we need to have our engineers, cost consultant, and client together to have a single discussion. The right time to do that is when we have the go-ahead and clear understanding on budget, fees and time. As time marches towards summer it becomes less and less likely that we will be able to have enough cost certainty in time for issuing and accepting a phase 1 tender. If we don't have time that will render all other discussions on the matter a waste of time, and no-one likes that.

We will tender in two phases if:

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1. It makes financial sense to do so.
2. It makes technical sense to do so.
3. We have time to do so.
4. It is otherwise advantageous to the project.

We hope that clarifies where we are with tendering in phases. We certainly don't conceal information from staff, at the same time it would be very difficult to inform staff of every possible outcome of every issue on the whole project. If in future there is some information that is news to you please do not assume that we are somehow at fault or have sought to mislead – we are managing all of the information on the project and including you at the right time in making decisions. We just want to get to the point where we can have those discussions and get moving on making the project a success. We know we can do it, we will need your trust that we are acting in the best interests of the project.

Have a good weekend and see you all next week.