

AGENDA

WESTMINSTER ECONOMIC DEVELOPMENT AUTHORITY SPECIAL MEETING

MONDAY, August 13, 2012

AT 7:00 P.M.

- 1. Roll Call**
- 2. Minutes of Previous Meeting** (July 23, 2012)
- 3. Purpose of Special WEDA Meeting is to consider**
 - A. Phase 2 Project Change Order for the Westminster Mall Demolition
- 4. Adjournment**

CITY OF WESTMINSTER, COLORADO
MINUTES OF THE WESTMINSTER ECONOMIC DEVELOPMENT AUTHORITY
MONDAY, JULY 23, 2012, AT 7:43 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 April 23, 2012, as written. The motion carried unanimously.

RESOLUTION NO. 142 APPROVING MANDALAY URA TAX INCREMENT REVENUE BONDS

It was moved by Board Member Kaiser and seconded by Board Member Lindsey to adopt Resolution No. 142 approving the issuance of up to \$30.500 million in Westminster Economic Development Authority Tax Increment Revenue Refunding Bonds, (Mandalay Gardens Urban Renewal Project), Series 2012 as well as approving bond documents including but not limited to the Bond Indenture of Trust, Bond Purchase Agreement, Reimbursement Agreement; Cooperation Agreement with the City; and Final Official Statement. At roll call, the motion carried unanimously

RESOLUTION NO. 143 – TITLE TO FORMER WESTMINSTER MALL PROPERTY

Board Member Major moved, seconded by Board Member Kaiser, to adopt Resolution No. 143 authorizing the Executive Director and Authority Counsel to initiate and file title clearing condemnation action for the Westminster Center Urban Reinvestment Project; to enter such stipulations and court orders as necessary to accomplish the purposes of the condemnation; and to incur reasonable costs associated with acquiring the subject property.

Mr. McCullough noted that City Council had been provided corrected legal descriptions prior to the meeting. On roll call vote, the motion carried with all members voting affirmatively.

ADJOURNMENT

There was no further business for the Authority's consideration, and it was moved by Winter, seconded by Kaiser, to adjourn. The motion passed and the meeting adjourned at 7:45 p.m.

Chairperson

ATTEST:

Secretary

WEDA Agenda Item 3 A

Agenda Memorandum

Westminster Economic Development Authority Meeting
August 13, 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 to American Demolition, Inc. for additional costs related to the demolition of the Sears and Sears Automotive buildings in the amount of \$71,982.20, thus raising the total contract amount for the Westminster Mall Demolition – Phase 2 Project to \$507,478.44.

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 to remove the majority of the structures on the site in preparation for the eventual redevelopment of the property. The subject change order is for additional costs related to 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 demolished as part of American Demolitions' original contract for Phase 2.
- On April 23, 2012, the WEDA Board approved a change order with American Demolition in the amount of \$83,000 for the demolition of the Sears and Sears Automotive buildings. At the time that American Demolition provided this price quote, the company did not have access to the interior of the buildings due to the reluctance of Sears' management to allow the contractor inside to perform an inspection. Furthermore, Sears did not immediately make "as-built" drawings of the structures available to the contractor. As a result, City staff agreed that American Demolition should calculate their cost for the change order based on an assumption that the Sears building was constructed in the same manner that the Mervyns, Macys, Montgomery Wards and Dillard's buildings.
- American Demolition was recently allowed to fully inspect the building and review the "as-built" drawings, and it was discovered that the Sears building is entirely constructed of cast-in-place concrete on twin tee girders with concrete columns. The Mervyns, Macys, Montgomery Wards and Dillard's buildings were all steel frame construction that offset the demolition cost due to the salvage value of the steel. The Sears building has no salvage value, and the demolition is entirely a "haul and dispose" operation. The requested change order would compensate the contractor for this changed condition and additional cost of the disposal of the concrete material to an inert landfill.

Expenditure Required: \$71,982.20

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 could submit a bid lower than the price that American Demolition has proposed. This opinion is based on the original Phase 2 contract bids in which the second low bid was \$493,613, which is only \$13,865 lower than the proposed revised total contract amount of \$507,478.44 from American Demolition. Naturally, the second low bid did not include any of the additional work that American Demolition has performed or will perform on the Phase 2 demolition contract.

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 demonstrate 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, five change orders have been issued. The first change order was in the amount of \$750 and included the construction of a temporary road between the JC Penney store and the Sears store during the 2011 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 repairs to a damaged, unforeseen electric line that was partially the responsibility of American Demolition. The fourth change order was the demolition of the Sears and Sears Automotive buildings that the WEDA Board previously approved in the amount of \$83,000. The fifth change order was for the painting of the north face of the J.C. Penney building. The sixth change order, which is the subject of this Agenda Memorandum, is the additional cost to demolish and dispose of the building material for the Sears building to an inert landfill site, which is an environmental regulation. If this change order is approved by WEDA, the new contract amount with American Demolition will be \$507,478.44.

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