



CITY OF HARRISONBURG OFFICE OF THE CITY ATTORNEY

409 SOUTH MAIN STREET, HARRISONBURG, VA 22801
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TO: Eric D. Campbell, City Manager
FROM: Chris Brown, City Attorney
DATE: July 7, 2021
RE: Approval of Change Order NO. 5 to Comprehensive Agreement between
Nielsen Builders and Harrisonburg City School Board

Summary: This is a request that Council approve Change Order No. 5 to the Comprehensive Agreement between the Harrisonburg School Board and Nielsen Builders. This Change Order 5 effectively restarts construction of the new high school.

Background: In April of 2020 City Council, Nielsen, and the School Board agreed to suspend work (other than for stabilizing and maintaining the project site) on the new high school due to adverse economic factors arising from the COVID-19 pandemic. The parties agree that it is the appropriate time to restart construction of the new high school and have drafted a proposed Change Order No. 5 to formally approve moving forward. The City must approve the change order for a couple of reasons. First, the amount of the project has increased by \$7,765,334. Second, City Council has not appropriated sufficient funds for the construction costs of the new high school and therefore must give formal permission for the School Board to enter in to Change Order No. 5.

Staff would like to highlight for Council certain substantive issues addressed in Change Order No. 5.

1. The Contract Price for the high school project (with addendum and previous change orders) was \$90,292,598.77. The price has increased by \$7,765,334.00 due to increased costs since the work suspension.
2. Under the revised draw schedule, the School Board has until November 1, 2021 to begin making invoice payments for work to give the City time to secure funds from a bond financing.
3. The substantial completion date has changed from June 15, 2022 to December 31, 2023, and the Certificate of Occupancy deadline has changed from August 1, 2022 to February 16, 2024.

4. Nielsen will provide a new project schedule within 30 days of the approval of Change Order No. 5.
5. The potential early completion bonus has increased from \$50,000 to \$120,000. There is also the possibility that there will be early completion milestone bonuses, but the parties must agree to those in a future change order.
6. A portion of the increased cost consists of price adjustments for asphalt, cold formed metal framing and copper. The adjustment for these items is \$704,876.00. Change Order No.5 permits the School Board to elect to treat these items as adjustments if it believes the cost of these items will decrease. The election to treat these as allowances must happen by August 1, 2021.

Key Issues: Approval of Change Order No. 5.

Environmental Impact: None

Fiscal Impact: This commits the City to fund the new high school.

Prior Actions: Approved the Comprehensive Agreement and Change Order No. 4 to suspend construction.

Alternatives: (a) Approve Change Order No. 5;
(b) or
(c) Do not approve the Change Order at this time.

Community Engagement: None

Recommendation: Staff recommends approval of the Change Order.

Attachments: 1. Change Order No. 5 with attachments.

Review:



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The initiating Department Director will place in Legistar, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda. The completion of review only addresses the readiness of the issue for Council consideration. This does not address the recommendation for approval or denial of the issue.