

LETTER OF AGREEMENT

This Agreement is made this twenty eighth day of August in the year two thousand and seventeen by and between:

OWNER: Town of Erie Colorado
645 Holbrook Street
P.O. Box 750
Erie, CO 80516

CONTRACTOR: Fransen Pittman Construction Company, Inc.
9563 S. Kingston Ct.
Englewood, CO 80112

For the Preconstruction Services in connection with the following:

PROJECT: Town Hall Addition and Renovation

THE AGREEMENT

It is the intent of the Owner and Contractor to negotiate in good faith the terms and provisions of an Agreement for the construction of this Project in accordance with the Owner's budget, schedule and scope requirements to be determined by the Owner in its sole discretion.

THE PROJECT

BUDGET: Anticipated Construction Cost will be approximately \$13.4M.

SCHEDULE: Construction start is anticipated to be Summer of 2018.

SCOPE: Preconstruction Services during the planning and design of the Town Hall Addition and Renovation Project.

CONTRACTOR'S RESPONSIBILITIES

The Contractor will provide the Preconstruction Services required by the Project to facilitate the Architect's development of the Project Plans and Specifications to accommodate a timely commencement of the Project. These services specifically include:

■ Preliminary Evaluation

The Contractor shall provide a preliminary evaluation of the Owner's Program, Budget and Schedule requirements each in terms of the other.

■ Consultation

The Contractor, with the Architect, shall jointly schedule and attend regular meetings with the Owner. The Contractor shall consult with the Owner and Architect regarding site use and improvements and the selection of materials, building systems and equipment. The Contractor shall provide recommendations on:

- construction feasibility;
- actions designed to minimize adverse effects of labor or material shortages;
- time requirements for procurement, installation and construction completion;
- Factors related to construction costs including estimates of alternative designs or materials, preliminary budgets and possible economies.

■ Preliminary Project Schedule

When Project requirements have been sufficiently identified, the Contractor shall prepare, and periodically update, a Preliminary Project Schedule for the Architect's review and the Owner's approval. The Contractor shall obtain the Architect's approval of the portion of the Preliminary Project Schedule relating to the performance of the Architect's services. The Contractor shall coordinate and integrate the Preliminary Project Schedule with the services and activities of the Owner, Architect and Contractor. As design proceeds, the Preliminary Project Schedule shall be updated to indicate:

- proposed activity sequences and durations;
- milestone dates for receipt and approval of pertinent information;
- submittal of the Guaranteed Maximum Price Estimate;
- preparation and processing of shop drawings and samples;
- delivery of materials or equipment requiring long-lead-time procurement;
- Owner's occupancy requirements showing portions of the Project having occupancy priority;
- Estimated date of Substantial Completion.

If Preliminary Project Schedule updates indicate that previously approved schedules may not be met, the Contractor shall make appropriate recommendations to the Owner and Architect.

■ **Phased Construction**

The Contractor shall make recommendations to the Owner and Architect regarding the phased issuance of Drawings and Specifications to facilitate Phased Construction of the Work, if such Phased Construction is appropriate for the Project, taking into consideration such factors as:

- economies;
- time of performance;
- availability of labor and materials;
- Provisions for temporary facilities.

■ **Cost Estimates**

When the Owner has sufficiently identified the Project requirements and the Architect has prepared basic design criteria, the Contractor shall prepare, for the review of the Architect and approval of the Owner, a Conceptual Cost Estimate utilizing area, volume or similar conceptual estimating techniques to establish a baseline cost for the Project. A Trend Log will be established along with a Preliminary Construction Schedule.

When Schematic Design Documents have been prepared by the Architect and approved by the Owner, the Contractor shall prepare, for the review of the Architect and approval of the Owner, a more detailed estimate with value engineering options for major building components. The Trend Log and Schedule will be revised accordingly.

During the preparation of the Design Development Documents, the Contractor shall prepare a detailed estimate with supporting data for review by the Architect and approval by the Owner. The Guaranteed Maximum Price may be determined and long-lead-items may be procured at this time. The Trend Log and Schedule will reflect all changes.

At the completion of Construction Documents, all details and finishes will be finalized and final pricing will be determined. If any estimate submitted to the Owner exceeds previously approved estimates or the Owner's budget, the Contractor shall make appropriate recommendations to the Owner and Architect.

■ **Subcontractors and Suppliers**

The Contractor shall seek to develop Subcontractor interest in the Project and shall furnish to the Owner and Architect for their information, per the Contractor's Schedule, a list of possible Subcontractors, including Suppliers who are to furnish materials or equipment fabricated to a special design, from which proposals will be requested for each principal portion of the Work. The Architect will promptly reply in writing to the Contractor if the Architect or Owner has any objection to such Subcontractor or Supplier. The receipt of such list shall not require the Owner or Architect to investigate the qualifications of proposed Subcontractors or Suppliers, nor shall it waive the right of the Owner or Architect later to object to or reject any proposed Subcontractor or Supplier.

▪ **Long-Lead-Time Items**

The Contractor shall recommend to the Owner and Architect a schedule for procurement of long-lead-time items that will constitute part of the Work as required meeting the Project Schedule. If such long-lead-time items are procured by the Owner, they shall be procured on terms and conditions acceptable to the Contractor. Upon the Owner's approval of the Guaranteed Maximum Price Estimate, all contracts for such items shall be assigned by the Owner to the Contractor, who shall accept responsibility for such items as if procured by the Contractor. The Contractor shall expedite the delivery of long-lead-time items.

▪ **Extent of Responsibility**

The Contractor agrees to exercise reasonable skill and judgment in the preparation of schedules and estimates, but does not warrant or guarantee any schedule or estimate or line item within such estimates, even though approved by the Owner; including the Guaranteed Maximum Price Estimate and the estimated date of Substantial Completion. The recommendations and advice of the Contractor concerning design alternatives shall be subject to the review and approval of the Owner and the Owner's professional consultants. It is not the Contractor's responsibility to ascertain that the Drawings and Specifications are in accordance with applicable laws, statutes, and ordinances, building codes, rules or regulations. However, if the Contractor recognizes that portions of the Drawings and Specifications are at variance, the Contractor shall promptly notify the Architect and Owner in writing.

▪ **Guaranteed Maximum Price Estimate**

In accordance with the Preliminary Project Schedule, the Contractor shall prepare and submit to the Owner in writing a Guaranteed Maximum Price Estimate. As the Drawings and Specifications may not be finished at the time that the Guaranteed Maximum Price Estimate is prepared, the Contractor shall provide in the Guaranteed Maximum Price Estimate for further development of the Drawings and Specifications by the Architect that is consistent with the Contract Documents and reasonably inferable there from. Such further development does not include such items as changes in scope, systems, kinds and quality of materials, finishes or equipment.

The Guaranteed Maximum Price Estimate shall include:

- a list of the Drawings and Specifications, including all Addenda thereto and the Conditions of the Contract;
- a list of the Clarifications and Assumptions made by the Contractor in the preparation of the Guaranteed Maximum Price Estimate to supplement the information contained in the Drawings and Specifications;
- a statement of the estimated Cost of the Work organized by trade categories or systems;
- A statement of the estimated date of commencement of the Construction Phase and the estimated date of Substantial Completion, with a schedule of the construction documents issuance dates upon which the estimated date of Substantial Completion is based.

The Contractor shall meet with the Owner and Architect to review the Guaranteed Maximum Price Estimate. In the event that the Owner or Architect discovers any inconsistencies or inaccuracies in the information presented, they shall promptly notify the Contractor, who shall make appropriate adjustments to the Guaranteed Maximum Price Estimate. When the Guaranteed Maximum Price Estimate is acceptable to the Owner, the Owner shall approve it in writing.

The Owner shall authorize and cause the Architect to revise the Drawings and Specifications to the extent necessary to reflect the agreed-upon Assumptions and Clarifications on which the Guaranteed Maximum Price Estimate is based. Such revised Drawings and Specifications shall be furnished to the Contractor in accordance with schedules agreed to by the Owner, Architect and Contractor. The Contractor shall promptly notify the Architect and Owner if such revised Drawings and Specifications are inconsistent with the agreed-upon Assumptions and Clarifications.

OWNER'S RESPONSIBILITIES

- To provide, at its expense, to the Contractor, information reasonably available regarding the Project including:
 - the Owner's objectives,
 - budgets,
 - time criteria,
 - Soils Reports,
 - environmental studies,
 - financing plans,
 - Site surveys that are presently available or that the Owner and Contractor reasonably agree are required.
- To review and approve the Project Scope, Schedules and Estimates at each design phase in a timely manner in order to meet Project milestones.
- To review and accept or reject value engineering and cost reduction or addition options timely to maintain the Schedule. The Owner will be responsible for the inclusion of such changes incorporated into subsequent design document issuances.
- To provide the Contractor with regular and timely updates regarding status of planning, zoning and design review process.
- To exercise reasonable efforts so that Agreements with the Architect, Engineers and Consultants are written and administered to facilitate successful execution of this Agreement.
- To pay all printing and distribution costs of any job related drawings or specifications.

COMPENSATION

The Contractor shall receive a fee of Thirty Four Thousand Nine Hundred Seventy Three Dollars (\$34,973) of the Guaranteed Maximum Price for Preconstruction Services. This will be billed on the first of each month throughout the design process. Payments for Preconstruction Services and any reimbursable expenses will be due within twenty (20) days of receipt of invoice. The total amount will be due by the completion of the Construction Documents regardless of whether the Owner does or does not continue with the Contractor for Construction Services.

OWNER

TOWN OF ERIE COLORADO

CONTRACTOR

FRANSEN PITTMAN CONSTRUCTION
COMPANY, INC.

Name: _____
Title: _____

John C. Pittman
President