

**AGENDA**  
**PUBLIC BUILDING AUTHORITY**

**April 16, 2024 Meeting**

**City Hall – Administrative Conference Room**

**2:00 P.M.**



**AGENDA**  
**PUBLIC BUILDING AUTHORITY**  
**Tuesday, April 16, 2024**  
**City Hall**  
**Administrative Conference Room**  
**2:00 P.M.**

**A. CALL TO ORDER**

1. Pledge of Allegiance
2. Invocation

**B. ROLL CALL**

**C. MINUTES – *January 31, 2024***

**D. PUBLIC FORUM**

**E. REPORTS**

**F. OLD BUSINESS**

**G. NEW BUSINESS**

1. Consider approval of **Prime Contract Change Order #009** with Denark Construction – *Bob Moncrief* **1**
2. Consider approval of **right-of-way dedication to Tennessee Department of Transportation** for Veterans Boulevard Extension – *Russell Treadway* **12**

**H. OTHER BUSINESS**

**I. ADJOURNMENT**

**PUBLIC BUILDING AUTHORITY of the  
CITY OF SEVIERVILLE, TENNESSEE**

**January 31, 2024**

A called meeting of the Public Building Authority of the City of Sevierville, Tennessee, was held at Sevierville Civic Center, 130 Gary Wade Boulevard, Sevierville, Tennessee, on January 31, 2024, at 12:00 PM.

**There were present and participating at the meeting:**

Jim Medlin, Director  
Jessica Ratcliff, Director  
Mike Sutton, Vice Chairman  
Rodney Tarwater, Director  
Andrew Temple, Chairman

**Absent:**

Brenda McCroskey, Secretary/Treasurer  
Howard Murrell, Director

**Senior Staff Present:**

Lynn McClurg, CFO/City Recorder  
Ed Owens, City Attorney  
Bob Parker, Director of Parks & Recreation  
Dustin Smith, Deputy City Administrator  
Russell Treadway, City Administrator

Chairman Temple chaired the meeting with Lisa Taylor as secretary of the meeting. A motion was made by Director Tarwater and seconded by Director Medlin to approve the October 31, 2023, minutes and to dispense with the reading. Motion carried.

**PUBLIC FORUM**

Chairman Temple opened the public forum. There being no comments, the public forum was closed.

**REPORTS**

Bob Moncrief updated the Board on issues with the expansion of the children's center causing a delay in scheduling.

**NEW BUSINESS**

Chairman Temple recognized Bob Moncrief, who requested approval to purchase additional adhesive for the fitness center floor in the amount of \$3,852.00 from nora systems, Inc. A motion was made by Vice Chairman Sutton and seconded by Director Tarwater to approve the purchase as requested. Motion carried.

There being no further business to discuss, the meeting adjourned at 12:13 PM.

Approved: \_\_\_\_\_  
Andrew Temple, Chairman

Attest: \_\_\_\_\_  
Lisa K. Taylor, Recorder



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## PBA Board Memorandum

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**DATE:** April 16, 2024

**AGENDA ITEM:** Consider approval of Prime Contract Change Order #009 with Denark Construction.

**RESPONSIBILITY:** Bob Moncrief

**PRESENTATION:** The Children's Center pre-engineered metal building has incurred numerous delays due to changes made by supplier and not agreed to by the architect and owner. The engineering of the building is the responsibility of the supplier; however, the overall design is the responsibility of the architect. Numerous changes have resulted in the postponement of production causing delays in foundation layout, and overall construction of the center. The supplier believes they are due additional funding for additional engineering they claim caused by the architect. Architect has agreed to work with some of the engineering changes to accommodate supplier; but, some changes are major resulting in building dimensions being different in various sections that were not acceptable by the owner. The original contract included overhead costs for the planned 12 months of construction with all buildings being constructed during the same time. The delay of construction will result in demobilization and remobilization costs by Denark and its subcontractors as well as additional overhead costs during the construction period. In option 4, Denark has offered to absorb all additional costs for the delays including demobilization and remobilization costs and overhead costs to be incurred by the various subcontractors and Denark. Denark will also absorb any additional costs or claims by the supplier for additional engineering costs. In exchange, Denark requests splitting the remaining contractor contingency and expediting/supply chain contingency 50/50 and reimburse all remaining owner contingency and allowances not used at 100%. The contract will convert to a lump sum agreement and overall deduction to the contract will be \$387,281.48.

**REQUESTED ACTION:** Approve as presented.



PCCO #009

Denark Construction Inc  
1635 Western Ave  
Knoxville, Tennessee 37921  
Phone: (865) 637-1925

Project: 11308 - Sevierville Comm Ctr & Police  
200 & 300 Gary R. Wade Blvd.  
Sevierville, Tennessee 37862

## Prime Contract Change Order #009: Children Center PEMB

**TO:** Public Building Authority of the City of Sevierville  
120 Gary Wade Boulevard  
Sevierville, Tennessee 37864

**FROM:** Denark Construction, Inc.  
1635 Western Avenue  
Knoxville, Tennessee 37921

**DATE CREATED:** 2/19/2024

**CREATED BY:** David Stermetz (Denark Construction, Inc.)

**REFERENCE:** N/A

**REVISION:** 0

**SCHEDULE IMPACT:** Approximately 398 days

**REVISED SUBSTANTIAL COMPLETION DATE:** Tentatively February 2025

**CHANGE REASON:** Children Center PEMB revisions

**TOTAL AMOUNT:** (\$387,281.48)

**DESCRIPTION:**

This PCCO is to convert the current cost plus GMP agreement to a lump sum agreement as explained in Attachment A and as described in Attachment B Option 4 due to delays.

**ATTACHMENTS:**

[ATTACHMENT A.pdf](#), [ATTACHMENT B.pdf](#)

All other terms and conditions of the original contract shall remain in full force and effect other than those explained in Attachment A.

**POTENTIAL CHANGE ORDERS IN THIS CHANGE ORDER:**

PCO #	Title	Schedule Impact	Amount
009	CE #071 - Children Center PEMB. See Attachment B page 4.		(\$387,281.48)
<b>Total:</b>			(\$387,281.48)

The original (Contract Sum)	\$902,099.00
Net change by previously authorized Change Orders	\$11,655,207.00
The contract sum prior to this Change Order was	\$12,557,306.00
The contract sum would be changed by this Change Order in the amount of	(\$387,281.48)
The new contract sum including this Change Order will be	\$12,170,024.52
The contract time will not be changed by this Change Order.	

**CONTRACTOR**

Denark Construction, Inc.

1635 Western Avenue  
Knoxville, Tennessee 37921

**ARCHITECT**

Michel Lebel (Allen & Hoshall Inc.)

1661 International Drive, Suite 100  
Memphis, Tennessee 38120

**OWNER**

Public Building Authority of the City of Sevierville

120 Gary Wade Boulevard  
Sevierville, Tennessee 37864

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE



► Delivering Superior Execution

## ATTACHMENT A

1635 Western Avenue  
Knoxville, TN 37921  
Phone: (865) 637-1925

► [denark.com](https://denark.com)

February 19, 2024

Public Building Authority of the City of Sevierville  
120 Gary Wade Boulevard  
Sevierville, Tennessee 37864

Re: Sevierville Community Center and Police Station, 11308, PCCO 009

Description of Change: CE #071 - Children Center PEMB

In accordance with your request, Denark hereby submits Prime Contract Change Order #009 for the work described herein.

Due to various delays associated with the metal building shop drawings, and revised design requirements for the Children's Center structure, it resulted in the project not being substantially completed by February 27th, 2024. The reason for the delays are many and since no single party could be blamed, it is in the best interest of the project to find a reasonable solution.

Regardless, Denark requested an extension of time along with associated costs for redesign, and general conditions, plus some unknown costs from Subcontractors that may have to be demobilized and remobilized.

Denark gave several options for redesign and several extension dates. The Owner prefers Design Option 2 in Attachment B, which revises the Metal Building drawings of the PEMB to match with the current Architectural plans that inadvertently had some dimensional mistakes. For that option, Denark estimated the costs for the redesign and the extension at an approximate amount of \$316,000, (Excluding any other unknown Subcontractor costs or any markup for the CM Overhead and Profit), which the Owner's Budget could not afford.

The CM Agreement stipulates that at the completion of the project the Owner and the CM shall split any savings from Project Contingency and Escalation /Supply Chain Interruptions Contingency based on 75% to Owner and 25% retained by the CM.

At this time, the total Project Contingency and Escalation Contingency total remaining amount is equal to \$452,030. In addition, the Owner has remaining \$161,266 under Owner Allowances of which no split in savings should be considered. Furthermore, the Owner was hoping that at the end of the project, the Owner could recover \$279,000 that the Owner paid for a revised design for the sprinkler system.

In an attempt to assist the Owner, Denark proposed various Design and Contract Options described in Attachment B that were welcomed and appreciated by the Owner.

The Owner chose to implement Contract Option 4, but based on Design Option 2, not Design Option 1 as originally presented.

The current GMP contract through this PCCO is being converted to a Lump Sum Agreement, and any terms relating to Cost Plus shall become null and void.

Despite the fact that the extension of time for the preferred option is through March of 2025, Denark will assume that the Project is complete and go ahead and release Project Contingency and Escalation Contingency as follows:

50% to the Owner which equals \$226,015.16.

100% of Owner Allowance which equals \$161,266.32

The total is reflected as a deductive PCCO of \$387,281.48, resulting in a revised lump sum amount of \$12,170,025.

- E/SCI Contingency @ 50% = (\$123,661)
- Project Contingency @ 50% = (\$102,354.16)
- Unused Unsuitable Rock Allowance @ 100% = (\$20,000)
- Unused Owner created Allowance after GMP @ 100% = (\$111,112.32)
- Unused PD Hardware Allowance @ 100% = (\$5,962)
- Unused CC Hardware Allowance @ 100% = (5,192)
- Unused Ceiling Repair Allowance @ 100% = (\$6,000)
- Unused Fluid Applied Waterproofing Allowance @ 100% = (\$13,000)

In addition, the Owner shall take possession of the Main Building after the Certificate of Occupancy is issued along with CM turning over all Close Out documents and the Owner releasing retainage to CM on that portion of the project and fulfilling obligations of taking over Utilities, Insurance, etc. In addition, Denark's Warranty obligation shall start on the date of Substantial Completion of the rest of the project excluding the PEMP Center.

Denark shall retain \$226,015 and shall absorb the total costs for Design Option 2, including assuming all risks of other costs that might be incurred due to Design Option 2 or any other risk that previously would have been paid for by Project Contingency or Escalation & Supply Chain Interruptions Contingency. It is further agreed that any other design/scope change that the Owner or the Architect might request, beyond Design Option 2 shall be dealt with as an Owner Change Order and shall increase the project lump sum amount.

The new schedule is as follows:

Anticipated completion of the remaining project: March 2024

Anticipated final design approval of the Metal Building by Owner and Architect: Early May 2024

Anticipated Denark remobilization: July 2024

Anticipated Metal Building delivery to site: September 2024

Anticipated Final Completion: March 2025

Denark will proceed upon your timely written authorization.

Denark reserves the right to revise this proposal if it is not accepted within ten (10) days.

Authorization:

Please acknowledge your acceptance of this proposal by signing and returning the Prime Contract Change Order.

If you require further information, please contact Steve or me directly.

Sincerely,

David Stermetz  
Project Manager III

Attachment: Prime Contract Change Order package

c: Steve Lucas, Project Executive/COO  
Randy Peck, Project Superintendent  
Dana Hayes, Project Accountant II,  
Frank Rothermel, President



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## ATTACHMENT B

1635 Western Avenue  
Knoxville, TN 37921  
Phone: (865) 637-1925

► [denark.com](http://denark.com)

February 19, 2024

### ATTACHMENT B

RE: Sevierville

#### Project Status

Current GMP	\$12,557,306		
Current Completion date	Mar-24		
GMP included General Conditions costs for 12 months, delays in ordering metal building and discovery of a dimensional bust in current plans			
Owner available remaining Allowances	\$161,266		
Available Project & Escalation Contingency	\$452,030	Project	\$204,708
If available Contingency is maintained		Escalation	\$247,322
	Owner Portion		
	\$339,023		
	DCI Portion		
	\$113,008		
	Owner Total available within GMP		
	\$500,289		
Available General Conditions will be depleted 3/30/24			
Owner was hoping to recover sprinkler costs	\$290,000		

See attached Options.

**Design Option 1 (Rejected)**

Maintain the latest Varco Pruden design but modify the Architectural elements

The modifications do not include any changes to the dimensional bust

Anticipated final design approved by April Apr-24

Metal building to be delivered by: Jul-24

Demobilize from site Mar-24

DCI to attempt to limit Sub demobilization and remobilization

Subs to store any purchased material in their warehouses

DCI not to charge any CM demobilization and remobilization

DCI to attempt to allocate the project's dedicated team members to other projects if possible to reduce Monthly GC costs

DCI and Subs to remobilize (3 months later) Jun-24

Project Substantial Completion Jan-25

DCI to exclude increases in GC due to salary and benefit increases and limit manpower costs to the monthly Rate of \$37,346 as agreed to in RFP

**Anticipated Costs**

Increase costs to Varco Pruden Engineering			\$0	To be confirmed/currently unknown risks
Increase costs to Varco Pruden Modifications			\$0	To be confirmed/currently unknown risks
DCI demobilize and remobilize			\$0	At DCI costs
DCI GC during downtime	3	\$37,346	\$112,038	
Reallocation of deducted team	-3	\$37,346	<b>(\$112,038)</b>	Unknown risk
DCI GC during construction	7	\$37,346	\$261,422	
Sub demobilization and remobilization			???	To be confirmed/currently unknown risks
SUB storage costs			???	To be confirmed/currently unknown risks
<b>Potential PCCO to Owner</b>			<b>\$261,422</b>	
<b>Potential Revised GMP</b>			<b>\$12,818,728</b>	

**Design Option 2 (Owner's choice for redesign under Contract Option 4)**

Revise the design of the PEMB to coincide with current Architectural plans that have a dimensional bust

Anticipated final design approved by May May-24

Metal building to be delivered by: Sep-24

Demobilize from site Mar-24

DCI to attempt to limit Sub demobilization and remobilization

Subs to store any purchased material in their warehouses

DCI not to charge any CM demobilization and remobilization

DCI to attempt to allocate the project's dedicated team members to other projects if possible to reduce Monthly GC costs

DCI and Subs to remobilize (5 months later) Aug-24

Project Substantial Completion Mar-25

DCI to exclude increases in GC due to salary and benefit increases and limit manpower Costs to the monthly Rate of \$37,346 as agreed to in RFP

**Anticipated Costs**

Increase Costs to Varco Pruden Engineering			\$55,000	To be confirmed/currently unknown risks
Increase Costs to Varco Pruden due to Modifications			??	To be confirmed/currently unknown risks
Possible concrete revisions			??	To be confirmed/currently unknown risks
DCI demobilize and remobilize			\$0	At DCI costs
DCI GC during downtime	5	\$37,346	\$186,730	
Reallocation of deducted team	-5	\$37,346	<b>(\$186,730)</b>	Unknown Risk
DCI GC during construction	7	\$37,346	\$261,422	
Sub demobilization and remobilization			???	To be confirmed/currently unknown risks
SUB storage costs			???	To be confirmed/currently unknown risks
<b>Potential PCCO to Owner</b>			<b>\$316,422</b>	
<b>Potential Revised GMP</b>			<b>\$12,873,728</b>	

**Design Option 3 (Rejected)**

Terminate VP contract and revise structure to a conventional steel frame with R-30 roof insulation.

Option needs to be authorized no later than	Feb-24
Anticipated final design approved by April	Apr-24
Structural Steel to be delivered by:	May-24
Demobilize from site	Mar-24

DCI to attempt to limit costs related to terminating Varco Pruden Contract and attempt to get a full credit for payment made excusing Engineering

DCI to attempt to limit costs from other trades due to any architectural redesign

DCI not to charge any additional Estimating costs

DCI to attempt to limit Sub demobilization and remobilization

Subs to store any purchased material in their warehouses

DCI not to charge any CM demobilization and remobilization

DCI to attempt to allocate the project's dedicated team members to other projects if possible to reduce monthly GC costs

DCI and Subs to remobilize (1 month later) Apr-24

Project Substantial Completion Nov-24

DCI to exclude Increases in GC due to salary and benefit increases and limit Manpower Costs to the monthly rate of \$37,346 as agreed to in RFP

**Anticipated Costs**

Additional costs to terminate Varco Pruden Engineering			\$0	To be confirmed/currently unknown risks
Credit from Varco Pruden from payments made			(\$190,000)	To be confirmed/currently unknown risks
Termination of remaining Varco Pruden Contract balance			(\$110,000)	To be confirmed/currently unknown risks
Steel design and erection			\$490,000	To be confirmed/currently unknown risks
Roof insulation			\$89,600	To be confirmed/currently unknown risks
Increased costs from other trades due to redesign			\$0	To be confirmed/currently unknown risks
DCI Preconstruction costs			\$0	At DCI costs
DCI demobilize and remobilize			\$0	At DCI costs
DCI GC during downtime	1	\$37,346	\$37,346	
Reallocation of deducted team	-1	\$37,346	(\$37,346)	Unknown risk
DCI GC during construction	7	\$37,346	\$261,422	
Sub demobilization and remobilization			???	To be confirmed/currently unknown risks
SUB storage costs			???	To be confirmed/currently unknown risks
<b>Potential PCCO to Owner</b>			<b>\$541,022</b>	
<b>Potential Revised GMP</b>			<b>\$13,098,328</b>	

**Contract Option 4 (Accepted)**

DCI to submit a PCCO to return 50% of Project Contingency and 100% of Allowances

Convert CM Agreement to Lump Sum

DCI to implement Option 1 and utilize the 50% Savings from Project Contingency

**(Owner chose Option #2 for the redesign)**

Extend contract to March 2025

DCI takes on the risk items under Option 1, including costs of team members unallocated to other projects

and any other risk that would have been covered by Escalation or Project Contingency

Any other scope change by the Owner will be dealt with as a change order

**Anticipated Costs**

Credit to Owner for 50% of Project and Escalation Contingency

(\$226,015)

Release all remaining Owner Allowances

(\$161,266)

**Potential PCCO to Owner**

(\$387,281) **Deductive change order in PCCO.**

**Potential Revised GMP**

**\$12,170,025**

**Contract Option 5 (Rejected)**

Terminate CM contract and in turn CM to terminate all Sub Agreements.

All Materials purchased and stored are to be turned over to the

Owner

Owner to redesign and CM to rebid all trades

**Anticipated Costs**

Will require time to Manage and Analyze

**From:** [Bob Moncrief](#)  
**To:** [Lucas Munasque](#)  
**Cc:** [Bob Moncrief](#); [Bob Parker](#)  
**Subject:** A&H extension for Children's Center  
**Date:** Thursday, March 07, 2024 10:57:15 AM

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Note for our file:

I had called and emailed Michel Lebel regarding the proposed contract change order (PCCO #9) from Denark to extend the contract for completion of the Children's Center to March 2025. I needed to know if A&H would be asking for any additional funds due to the extension.

I talked with Michel this morning and he said the only additional cost that A&H would occur would be additional trips for OAC meetings and Pay App inspections. He felt with the need to be on site for Fire Station 4 planning, that they could roll all of that into many of the same trips and incur no additional cost for the city.



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## Board Memorandum

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**DATE:** April 16, 2024

**AGENDA ITEM:** Consider approval of donation of Right-of-Way for Veterans Extension from SR 35 (Dolly Parton Parkway) to Robert Henderson Road.

**PRESENTATION:** Several years ago, the City acquired property between Dolly Parton Parkway and the West Prong of the Little Pigeon River for ROW for a proposed Veterans Boulevard Extension. This project was approved by TDOT and incorporated into the list of projects funded by the Improve Act back in 2017. The City also provided much of the engineering design for the project.

The project was recently included in the TDOT 10-Year Project Plan released in December. TDOT is in the ROW acquisition phase and plan on construction to start in 2025.

As part of our original agreement with the state, we said we would provide any City owned property necessary for the ROW.

The property is in the name of the Public Building Authority. TDOT appraisers valued the 3.108 acres at \$596,400.

**REQUESTED ACTION:** Approval of donation of ROW and authorization to execute all documents related to such transfer.