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Heery International asked for an explanation about "Change Order 14," which involved above-ground concrete work.

Braves face questions about stadium concrete contract

BY DOUGLAS SAMS
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The firm charged with watching over Cobb County's interest in the Atlanta Braves' new \$622 million ballpark has raised questions over how the team sought bids for a nearly \$44 million concrete contract.

As early as March, Heery International requested a letter of explanation about the contract, known as "Change Order 14," which involved above-ground concrete work, according to documents obtained by Atlanta Business Chronicle through a series of open records requests.

Aside from the foundation work, the above-ground concrete structure may be the most critical piece of the project.

Cobb County hired Heery in September 2014 as its owner's representative. Heery's job is to monitor the ballpark's design, construction, pricing and on-site inspections of work.

Heery cited several possible red flags with Cobb officials, including how roughly \$15 million of the work was not competitively bid out.

Instead, some of it was awarded to

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The train station in Jonesboro, Ga., on the Norfolk Southern line.

MARTA MOVES FORWARD WITH CLAYTON EXPANSION STUDIES

BY MARIA SAPORTA
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MARTA is moving forward with plans to bring a rail line to Clayton County. The rest of the region is eyeing developments in Clayton because that could serve as a template for how MARTA could expand in other metro counties.

The transit agency has been meeting with Norfolk Southern Corp. about the possibility of using the railroad's right-of-way to build a parallel track so that MARTA could provide exclusive passenger service on that line, according to Rich Krisak, the agency's chief operating officer.

In order to see whether that is feasible, MARTA will conduct a "Norfolk Southern Capacity Study" to determine the availability of the railroad's property and the possibility for the transit agency to either buy or lease that land.

The cost of the study is estimated to be about \$300,000, and it is expected to take up to a year to complete. It also will determine where the agency would have to acquire additional right-of-way if there were not enough property in the

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COVER STORY



The day things changed for America's disabled

STORY BY Ellie Hensley, 22A

SOUTHSIDE MARKET REPORT

Aerotropolis project to catalyze Southside

SECTION B



NEWS

BRAVES CONTINUED FROM PAGE 1A

American Builders 2017, the Braves' general contractor for the ballpark and adjacent mixed-use project. American Builders is a joint venture that includes **Brasfield & Gorrie LLC, Mortenson Construction, Barton Malow Co.** and **New South Construction Co.**

Heery was also concerned about a lack of transparency surrounding Change Order 14, according to interviews with people familiar with the matter. As a result of Heery's concerns, Cobb launched a review to see whether the Braves and their real estate advisor, **Jones Lang LaSalle**, awarded the concrete work without first getting the county to sign off, Cobb County Manager **David Hankerson** said.

The review also considered any possible lack of transparency. It's unclear whether the Braves' decision to allow American Builders to "self-perform" part of the concrete work, rather than bid out all of it, ensured the lowest possible cost.

But **Mike Plant**, the Braves' executive vice president of business operations, says the change saved \$6 million on the above-ground concrete work, citing an independent analysis. "I am extremely confident we did the right thing," said Plant. "What we did was unique, but also proactive."

Cobb eventually determined the Braves "met all the technical requirements" of the change order, including how the concrete work was procured, Hankerson said.

Over \$1.1 billion

Total estimated cost of the ballpark and mixed-use project.

Heery's initial concerns point to larger questions about how fast the Braves are sprinting to finish SunTrust Park in time for the first pitch of 2017, amidst a tight market for construction labor.

The Braves are trying to stay on schedule during a metro Atlanta construction boom that includes the \$1.5 billion downtown stadium for the Atlanta Falcons, a new 2.2-million-square-foot regional headquarters for State Farm Insurance Co. in Dunwoody, and numerous apartment towers.

In some cases, so many projects are underway at once it's becoming difficult to find subcontractors, a possibility the Braves anticipated as early as 2014.

"They have an extremely tight schedule, and they have been compressing that schedule," said **Doug Rieder**, president of **Sterling Risk Advisors**, a risk management and insurance firm that serves the construction industry. "It's not that unusual for the general contractor to self-perform on a concrete contract, especially in a situation like this."

Last year, the Braves began meeting with general contractors who suggested the team should have its own general contractor self-perform the concrete work, or risk falling behind on its construction



"We are attempting to do what no one else has done before. It's pretty amazing. You see the progress and you are really in awe."

MIKE PLANT
Atlanta Braves

From: McCullers, Steve
Sent: Tuesday, July 21, 2015 6:21 PM
To: Hankerson, David; Humphries, Judy; Jones, Judy
Subject: CO14 - Concrete

Mr. Hankerson -

In response to our conversation this afternoon, I would like to provide the following comments related to CO14 - Concrete.

Judy Jones and I met with Mike Hall on March 24 to discuss CO14 - Concrete. The procedure that JLL used to evaluate and negotiate CO14 is described in the letter from Mr. Hall to you dated March 11. In the meeting with Mr. Hall on March 24, we reviewed additional supporting documentation that was referenced in the March 11 letter. We also discussed the relative lack of companies in the area that could provide the full scope of the needed concrete work on a timely basis.

Specifically, he showed us information prepared by Faithful & Gould, an independent cost estimating firm with experience both in this geographic region and with projects involving significant concrete work. F & G provided an evaluation of the self-perform pricing submitted by AB2017 based on their own quantity take-offs and actual pricing for other work in the area. Because components of the pricing profiles were confidential, Mr. Hall did not leave the information with us (as County employees) after the meeting.

He also reviewed with us the negotiation process with AB2017 that is referenced in the March 11 letter. It appears that the initially proposed cost was reduced by \$3,165,581 through the negotiation process. The ultimate pricing was consistent with the F & G pricing data that we were shown by Mr. Hall at the meeting. On the basis on the data provided and JLL's recommendation of approval of the change order, I am confident that Cobb County's interests have been protected in this matter.

Steve McCullers



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March 11, 2015

Mr. David Hankerson
County Manager
100 Cherokee Street
Marietta, GA 30090-9679

Subject: Turnkey Concrete Bid Process

Dear Mr. Hankerson,

During discussions with potential Construction Managers prior to issuance of the CM RFP, there was a recurring concern around availability of elevated concrete firms, workforce and potential schedule or cost impacts as a result. The same issues were brought up in the CM interviews. Self-performed concrete work was identified as the best approach to limiting project impacts.

To address the likelihood of self-perform work, the CM agreement negotiated with AB2017 by Braves and County attorneys included clauses that allowed for this type of work and parameters to do so.

Unlike the foundation work that was bid by AB2017 and subsequently bids had to be submitted to JLL for opening, the Turnkey Concrete work was a mixture of bid work that AB did not participate in and the self-perform work.

Early in the project, JLL identified a third party cost estimating firm that had done similar work with other ballparks, providing assistance in negotiating with Owners. The Braves hired Faithfull and Gould to do an independent estimate of the scope and cost. They were relied upon to align the scope and provide insight on the open book negotiation.

Prior to issuance of the GMP documents, AB2017 advised that the bid component of the turnkey work was 65% of the package and included ready-mix concrete, lumber, hardware, formwork systems, reinforcing steel, horizontal slab formwork systems and reinforcing steel installation. The remaining 35% included placement of the concrete, oversight of the work, rentals and fees. AB2017 was also intent on keeping the work as local as possible.

The approach to negotiate the turnkey concrete package was reviewed with the Braves Change Order Committee in January. The approach included a shortened turn-around time for bids, negotiations and approval due to the requirement to have approval by February 4th, so that shop drawings could be ordered to meet the fast track schedule.

AB2017 sent their pricing and scope documents to Faithful and Gould in advance of the negotiations to allow time to compare scope. The scope and cost comparison over the next week identified the following:

- Quantity gaps were closed and identified to be in alignment by Faithfull & Gould
- AB2017 protected the cost of concrete and steel when they bid the foundation work and extended that savings into this work, as costs have risen in those categories.
- Staffing was reviewed and appeared reasonable. All positions and names of personnel were identified.
- Potential VE savings were identified by AB2017 and accepted by the structural engineer.

The below the line costs were negotiated by AB2017 and JLL. AB2017 agreed to a lower fee than priced in the self-perform concrete work when they were in competition and elimination of other costs. The total cost was reduced by 6.1% in negotiations. The overall cost compared to the IGMP estimate and adjusted for scope that moved between steel and concrete, was below budget.

The results were presented in person to the Braves Change Order Committee on February 4th and approved.

Sincerely,

Mike Hall
Senior Vice President

CC: Mike Plant
Ethan Milley
Mike Westerheid
Rick Davis
John Palmer III

A March 11 letter to Cobb County from Jones Lang LaSalle (left) noted "potential schedule or cost impacts" on the Braves' new stadium. Change Order 14 was further discussed in a July 21 email to Cobb County's David Hankerson (above).

SOURCE: COBB COUNTY

schedule.

"This was identified as a concern long before the work was bid," Plant said.

Heery may not have been aware of those early meetings because the firm was "brought into the process late," Plant said. "Heery was not on board until after those initial discussions with contractors about pricing."

The issue came up again this March, when a senior executive with the Braves' real estate advisor, Jones Lang LaSalle (JLL), wrote to Hankerson, saying, "There was a recurring concern around availability of elevated concrete firms, workforce and potential schedule or cost impacts."

"You only have 36 months," Plant told Atlanta Business Chronicle, referring to the construction timetable for the project in the Cumberland Galleria at Interstates 75 and 285.

Heery's initial concerns over the contract have also raised another issue - who has control during the critical first steps of construction.

For now, the Braves are financing all the costs, Plant said. Cobb County approved \$397 million in bonds to cover the public share of building SunTrust Park, but the bond proceeds have been held up by a lawsuit over using public funds to finance stadium construction.

"We are 100 percent the payer right now," Plant said. "We respect the county and the process. We also need to drive this thing. It's why today we are still ahead of schedule."

"We are attempting to do what no one else has done before," Plant added. "It's pretty amazing. You see the progress and you are really in awe."