

Familiar pair win convention contract

► *But one city commissioner calls the no-bid selection of construction managers "tremendously inappropriate."*

By Jack Naudi
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The selection this week of two companies to oversee the \$200 million expansion of the Grand Center was virtually a foregone conclusion.

Erhardt Construction of Ada Township and Huber, Hunt & Nichols Inc. of Indianapolis were chosen jointly as construction managers by the Grand Rapids-Kent County Convention/Arena Authority. The authority owns the Grand Center.

With incentives, the contract could be worth \$6 million.

Authority members did not seek bids and spent almost no time at their monthly meeting on Wednesday discussing the merits of two companies they know very well.

Erhardt-Huber teamed up six years ago to manage construction of Van Andel Arena. The pair also have been working for 10 months on the convention center as the pre-construction manager.

"They have far exceeded our expectations," said Dale Sommers, who coordinates the design and construction of the convention center.

Authority Chairman Steve Heacock said it didn't make sense to consider other companies because Erhardt-Huber was familiar with the convention center.

But Rick Tormala, 2nd Ward Grand Rapids city commissioner, said otherwise.

"I think that's tremendously inappropriate," Tormala said. "Whenever we're dealing with public funds, it should be an open and competitive process."

The City Commission appoints two members to the seven-member authority.

Erhardt-Huber was awarded the \$300,000 pre-construction contract in March by the Grand Action Committee, a private group that has pushed for the renovation. That action was controversial because the Grand Center is publicly owned.

Grand Action leaders, who include authority member David Frey, defended their role at the time by saying only private funds were used for the pre-construction work.

But Erhardt-Huber parlayed the private Grand Action contract into the construction management position paid primarily from state, Kent County and city of Grand Rapids funds.

"You're talking about taxpayer funds, you need accountability," Tormala said. "If this is such a good group, and I'm not

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saying they're not, they should be able to hold their own in an open, competitive process."

As construction manager, Erhardt-Huber will hire subcontractors for work that is expected to begin this spring with modifications of DeVos Hall.

The main feature in the expansion, a 165,000-square-foot exhibition hall, should be finished by early 2004. The entire project is scheduled for completion in December 2004 with the conversion of the Welsh Auditorium into a ballroom.

Erhardt-Huber will be paid 3.75 percent of the project cost, not including street and sewer work. If

the expansion comes in under budget, the management team will be paid half the savings, with a cap of \$1 million.

Authority attorney Richard Wendt said the construction contract for the Van Andel Arena was used as a guide. That contract paid a 3.5 percent commission and offered 25 percent of any savings.

As a more complicated, longer project, Sommers said, the convention center demanded a higher percentage payment than the arena.

Wendt and Sommers will hammer out details with Erhardt-Huber, including deadlines, penalties for delays and incentives for early completion.

Authority panelist and Grand Rapids Mayor John Logie suggested that the incentives be generous. The Michigan Department of Transportation, he noted, offered a \$50,000-per-day bonus for the U.S. 131 S-curve.

The work was completed nearly three weeks ahead of schedule.

"It was \$50,000 a day over 18 days, which MDOT happily paid. I'm not suggesting we go that high. But we want to hold the contractors' feet to the fire," Logie said.

Authority members informally agreed to a \$5,000 per day bonus, capped at \$50,000. The members did not decide a penalty for delays.