



EXECUTIVE SUMMARY

Community Development

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Golden Valley City Council Meeting

July 7, 2026

Agenda Item

5B.2. Approve Construction Manager at Risk Agreement with Terra Construction for the East Fire Station at 1875 Lilac Drive North

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Summary

The East Fire Station is the first facility in the City's Building Forward Initiative. This multi-year plan will modernize the City's core service operations with multiple investments:

- building a new Public Works facility at 6100 and 6110 Olson Memorial Hwy
- consolidating Fire Stations #2 and #3 into a new East Fire Station at 1875 Lilac Dr
- reimagining the Civic Center Campus, which includes: the new Public Safety facility, a new Hennepin County Library, consideration of a new City Hall, a public plaza, and new water tower

Owner's Representation for Building Forward (Tegra)

Multiple facilities are due for replacement at the same time, which poses a unique challenge for the City. Given cost increases year over year in labor and materials for construction, combined with the wide variety of urgent safety and wellness needs for staff, the project team includes an expert in project management for major municipal construction projects.

On March 17, the City Council approved an agreement with Tegra for owner's representative services. Ensuring the City stays on specific timelines will reduce overall project costs in the long-run, with material and construction costs increasing with inflation year-over-year. Tegra has worked in this capacity for Golden Valley's peer communities for 27 years with clients such as the League of Minnesota Cities, the City of Edina, and the City of Bloomington. Tegra Group was hired to act as an extension of the City's staff, providing dedicated expertise to support the East Fire Station project from start to finish. Tegra brings extensive experience managing complex and highly visible municipal projects, with a strong focus on protecting the City's investment while maintaining budget and schedule. As the Owner's Representative, they serve as an independent advocate for the City, helping ensure that decisions are made in the City's best interest. For staff who are already focused on delivering daily services to residents, Tegra provides additional capacity and oversight at every stage of the project. Their involvement helps ensure timely decision-making, clear communication, and a well-managed project overall.

Benefits of Construction Manager at Risk Process

City staff and Tegra recommend using the CMAR method for the East Fire Station project. In 2023, the Minnesota Legislature enacted Minnesota Statutes, section 471.463, authorizing municipalities to utilize the Construction Manager at Risk (CMAR) project delivery method. Since that time, many municipalities in the Twin Cities metro area have transitioned to this approach for procuring construction management services.

The Construction Manager at Risk (CMAR) process allows the City to bring a construction manager on board at the same time as the design team. This integrated approach enables close collaboration throughout design, helping ensure the project stays aligned with budget and schedule goals from the beginning. The construction manager participates in all design discussions, providing real-time input on constructability, cost implications, and long lead-time materials. This proactive involvement helps identify and resolve potential issues early, reducing the likelihood of delays or unexpected costs during construction. In addition, the CMAR process provides a Guaranteed Maximum Price (GMP), which protects taxpayers by establishing a cost ceiling for the project. Overall, this delivery method improves transparency, minimizes risk, and keeps the City informed at every stage of the project.

Selection Process

The selection process followed the framework outlined in state statute and began with a Request for Qualifications (RFQ). A selection committee comprised of the City Administrator, Finance Director, Community and Economic Development Director, Fire Chief, and Assistant Fire Chief reviewed submissions using a predefined scoring system established in the RFQ.

The City received seven qualification proposals and shortlisted two firms deemed most qualified. A Request for Proposals (RFP) was then issued to these firms. As part of the RFP process, each firm submitted a detailed proposal and participated in an interview with the selection committee.

Terra Construction

Following evaluation of the proposals and interviews, Terra Construction was identified as the recommended construction manager for the East Fire Station project. Their selection was based on demonstrated company and team experience, a strong project approach, and a clear and effective communication plan.

Terra demonstrated in their proposal and interview that clear communication plans are vital to this project. Terra takes an intentional multi-pronged approach to establish each unique project's communication plan, recognizing the complexity of multiple unique stakeholders involved on this project.

Terra also brings proven public safety experience and understand that fire stations require careful consideration of apparatus circulation, durability, response times, and staff wellbeing. Our experience delivering public safety projects ensures alignment between design, constructability, and operational needs so that the City has a resilient, high-performing facility.

Terra will also bring a disciplined approach to preconstruction, emphasizing accurate cost estimating, constructability review, and early risk identification. This helps maintain alignment with budget and schedule expectations.

Lastly, the selection team was impressed by Terra's knowledge of the Lilac Drive Realignment project

to be designed and built at the same time as the East Fire Station. Terra demonstrated a strong understanding of how the East Fire Station and Lilac Drive teams can work together efficiently in a joint design and construction process that minimizes impact to nearby businesses and residences.

Enclosed for your review is Terra Construction's proposed scope of services narrative and fee schedule for the East Fire Station.

Financial or Budget Considerations

The contract totals \$15,000 to provide preconstruction services. Upon completion of the preconstruction phase and establishment of the Guaranteed Maximum Price (GMP), an amendment to the contract will be brought forward for approval to proceed with construction services.

The East Fire Station portion has funding available through State Bonding dollars allocated to cover site acquisition and design costs for that facility. Soft and hard costs related to the construction of the fire station have been incorporated into the long-range financial management plan that was presented to the City Council on April 14, 2026. As discussed at that meeting, the budget numbers are preliminary and will be updated as the project progresses in design and scope and we will bring back updated costs at a future work session(s).

Legal Considerations

The City Attorney has reviewed and approved the agreement. The City selected a Construction Manager at Risk through a Request for Proposals process consistent with Minn. Stat. § 471.463. The procurement complied with the statute's RFP requirements, including public solicitation, evaluation, and selection procedures as prescribed by Minn. Stat. § 471.463.

Equity Considerations

The City of Golden Valley is committed to providing a wide range of essential services to support the quality of life of all residents. Over the past several years, the City has been assessing its aging public buildings and determined that the Police, Fire, and Public Works buildings can no longer adequately support efficient delivery of City services to our residents. Based on resident input and independent analysis, the City is moving forward with a plan that will invest in modernizing its core service operations. The Building Forward project is based on numerous equity goals, including: providing safe and accessible workplaces for staff, modernizing buildings to provide for gender-neutral locker rooms and bathrooms, and improve energy efficiency and resilience. Additionally, the new buildings will provide ample space for modern equipment, protecting the City's investments. The ideal location of the East Fire Station will also allow for improved response times to emergencies throughout our community.

Recommended Action

Motion to approve an agreement with Terra Construction for Construction Manager at Risk Services for the East Fire Station at 1875 Lilac Drive North.

Supporting Documents

- [GV East Fire Station Terra Contract](#)