

**COUNCIL ACTION FORM**

**SUBJECT: REVISION TO CITY HALL RENOVATION PROJECT PLANS**

**BACKGROUND:**

On July 10<sup>th</sup>, bids for the City Hall renovation project were reported to Council. Bids were rejected because the bids were significantly over available funding for this project. The apparent low bid was almost \$540,000, or 54%, over the architect's final cost opinion for the construction phase of the project.

This project is in part funded by a \$600,000 Homeland Security grant, which needs to be expended by May 31, 2013. In order to facilitate timely rebidding of the project, plans were revised to include alternate bid deducts in case bids were again received over the available funding. Council approved the revised plans and specifications on July 13<sup>th</sup>. The base bid package continued to include renovation of the Police Department and basement; but alternate deduct packages were also specified for the basement, for the Police administrative offices, and for Police locker room improvements.

Staff and the project architect held a pre-bidders' meeting on July 26<sup>th</sup>. At that meeting, the three general contractors in attendance expressed a consensus that they could not bid the entire project within available funding. The contractors also stated that the "alternate deduct" manner in which the project is being re-bid would likely reduce the number of subcontractors who will give them bids. It became apparent that the City's interests would be best served by modifying the project plans and specifications to facilitate greater competitiveness.

The following steps were identified to achieve this goal:

- Remove the basement renovation from the project. It is now apparent that available funding will not allow this segment to be awarded at this time. By deleting this segment, the Police Department's first floor renovations will be the "base bid" for the project. This will eliminate contractors needing to prepare detailed bids for work that very likely could not be awarded; and should increase the competitiveness of bids on the remaining project.
- Combine the Police locker room alternative into the base bid.
- Retain the alternate deduct package for the Police administrative offices.
- Specify that the May 31, 2013 performance date applies only to the Emergency Operations Center (EOC) project segment, and that contractors may take until August 31, 2013 to complete the balance of the work.

**ALTERNATIVES:**

1. The City Council can approve revisions to the City Hall Renovation Project plans and specifications as outlined above.
2. The City Council can retain the City Hall Renovation Project's plans and specifications as currently published.

**MANAGER'S RECOMMENDED ACTION:**

The City is under significant pressure to complete the EOC segment of this project prior to May 31, 2013 in order to remain eligible for this grant. In light of how the original bids were significantly over budget, of the shorter timeframe now remaining to complete the EOC project, and of the input received from potential bidders at the pre-bid meeting, the revisions specified above appear to be in the City's best interests to keep this project moving forward within available funding.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1.

Improvements to the City Hall basement are still much needed in order to provide space for the City's Information Technology staff, as well as to update space for Public Works Engineering and the City's Print Shop. As the Police renovation project moves forward, staff will work to identify funding to allow the basement improvements to be brought back at a later date as a second phase of this capital improvement project.