

**COUNCIL ACTION FORM**

**SUBJECT:** ARCHITECTURAL AND ENGINEERING SERVICES AGREEMENT FOR CITY HALL RENOVATION – CHANGE ORDER #2 FOR EMERGENCY OPERATIONS CENTER

**BACKGROUND:**

This report recounts challenges involved with two previous efforts to bid out City Hall renovations, reports on a time extension granted by FEMA for a \$600,000 grant to expand the City's Emergency Operations Center (EOC), and recommends one final effort to work with the previous architectural firm, scale back the renovation project, and seek construction bids that meet the new FEMA time frame and the available budget.

On April 12, 2011, Council approved an Architectural and Engineering Services Agreement with Shive-Hattery Architecture & Engineering, West Des Moines, Iowa, for the design, bidding, and construction administration of a space re-use reconstruction project in City Hall. The original contract was for \$112,000, and was later increased to \$115,000 to include relocating the print shop within the basement to create more room for relocation of the Information Technology (IT) Division.

The original project included all of the first floor Police Department areas, including the public hallway by the Police Department, as well as all of the basement areas that are currently occupied. The project was intended to recapture the unused jail spaces and the public hallway along the Police Department, to construct an updated and enlarged EOC, to improve overall space use efficiencies within the Police Department, and to renovate and remodel the basement to accommodate moving IT from rented space outside of City Hall into the basement.

The budget for this project was \$1,400,000, with \$600,000 coming from a Homeland Security FEMA Grant to help renovate the EOC, and \$800,000 from the City's general fund to provide a match for the grant funding and to cover the remaining costs to renovate the basement and improve the Police Department.

Two successive bidding processes both ended with construction bids that far exceeded the scheduled budget. At that point, enough time had elapsed that it was no longer feasible to reduce the scope of the project a third time, rebid it, and complete the project prior to expiration of the FEMA grant.

In one final effort to salvage the FEMA grant, however, staff consulted with the Iowa Department of Homeland Security, reviewed the project scope one last time, and reduced the scope to a project focused only on renovating the EOC and associated spaces in the Police Department. Staff then applied to FEMA for a grant extension, requesting adequate time line for the architect to redo the plans and specifications, to

obtain acceptable bids, and to complete the reconstruction. On November 9, 2012, six weeks after submitting the grant extension request, FEMA responded with a three month time frame extension to December 31, 2013.

After reviewing the reduced project and time frame extension, staff has determined that a project can be designed and done in the time frame now allowed by FEMA. However, that can only be done if Shive-Hattery is retained to revise existing plans and specs. Shive-Hattery has the original construction plans and specifications, and would need the least amount of time to redraw them for a reduced project scope. Should another architect be preferred, staff believes the cumulative time needed to select the architect, familiarize them with the project, and redraw the plans and specifications would prevent completion of this project before the FEMA grant expires.

Under the existing agreement, Shive-Hattery has been paid \$86,226 for services and expenses completed to date. The unspent balance of \$28,774 was for construction phase oversight, which was not needed since a construction award was never made.

At staff's request, Shive-Hattery has prepared a revision to their service fee to redraw the plans for a scaled back EOC project, to rebid the project, to oversee the construction phase, and to complete this project on time. Their revised fee proposal is for \$42,500. By deducting the \$28,774 for services not rendered and adding \$42,500 for the revised service fees to complete this smaller project, the net change to Shive-Hattery's contract would add \$13,726, for a total contract cost of \$128,726.

The available budget and updated expenses for this project are as follows:

<u>Funding Sources</u>	<u>Amount</u>
FEMA Grant	\$ 600,000
General Fund	<u>\$ 800,000</u>
Total Budget	\$1,400,000
<u>Project Costs</u>	<u>Amount</u>
Architectural Fees (Shive Hattery)	\$128,726 (firm cost)
Construction Advisory Fees (ISU)	\$ 30,000 (not to exceed amount)
Construction	<u>\$1,241,274</u> (estimate)
Total Project Cost	\$1,400,000

#### **ALTERNATIVES:**

1. Approve a change order to the existing contract with Shive-Hattery to deduct \$28,774 for services not rendered, and to add \$42,500 for the proposed fees to complete this reduced project.
2. Do not approve the change order on the existing contract with Shive-Hattery, and direct staff to identify an alternate architect to complete the project.

3. Do not approve the proposed change order, and direct staff not to pursue completion of this project at this time.

**MANAGER'S RECOMMENDED ACTION:**

During both of the previous attempts to complete this project, Shive-Hattery struggled capturing some of the design elements and significantly missed the estimated construction costs on both bid events. In an effort to secure acceptable bids the second time, the basement renovation was eliminated from the project, and several add alternates were included in the bid package. With the project now being downsized even further, the plans and specifications will be for one smaller, discrete project, rather than a complex project with bid alternates. Those complexities are believed to be one of the reasons for the high bids previously received. Further, only a limited amount of re-design will be needed for this project, since the architect can use much of the design work already completed for the EOC and associated areas that remain the project. This means less architectural work is needed in less time, enabling Shive-Hattery to complete the design work on time.

Although previous experience on this project might have led staff and the Council to prefer a different architect, the updated expiration date on the FEMA grant does not provide adequate time to select a different architect to familiarize themselves with the project, redo the plans and specifications, obtain bids, and get the project completed on time.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving a change order to the existing contract with Shive-Hattery to deduct \$28,774 for services not rendered and to add \$42,500 for the proposed fees to complete the EOC project.

It should be remembered that it is still our desire to complete the Police Department renovation and to renovate the City Hall basement to accommodate the needs of Public Works and Finance (Information Technology) Department employees. Unfortunately, because of unfavorable bids, we have had to eliminate those elements of the renovation from this project. Hopefully, the City Council will support funding for these other two portions of the project in the future.