ITEM # 25
DATE: 10-22-19

COUNCIL ACTION FORM

SUBJECT: **AWARD OF CONTRACT FOR BROOKSIDE PARK RESTROOM PROJECT**

BACKGROUND:

This project is to renovate the Brookside Park Restroom which was damaged during a 2018 fire. The renovation will eliminate the current male and female restrooms and replace them with four gender neutral, ADA compliant restrooms. The roof will be rebuilt and the shingles replaced with a brown metal roof. Skylights for each restroom will be added to allow daylight and reduce the need for lights to be on during the day. Infrared occupancy sensors are to be installed and will turn on lights based on body temperature. This feature will serve multiple purposes as it will not only turn on the lights when needed, the lights will stay on as long as someone is in there and will illuminate the dome on the skylight. If this happens outside of park hours, the lit dome will be an indicator for Police to check the restroom while they are on patrol. In addition, a door will be added to the south side to access the mechanical room. The picture below illustrates what the renovated restroom will look like.

On August 27, 2019, Council issued a notice to bidders. Staff opened bids on September 25, 2019. Bids are good for 60 days after bid opening and are summarized below.

Brookside Park Restroom Bids

Bidder	Base Bid
Henkel Construction	$295,000
Harold Pike Construction (HPC)	$380,000

ISG, Des Moines, Iowa, was hired to develop plans and specifications, prepare a cost estimate, and provide project management for this project. The engineer's cost estimate for the restroom renovation project which includes a 10% contingency is shown below:

Architects Estimate:	**Amount**
Restroom Renovation	$199,788
Building Assessment (after fire)	2,068
Engineering	21,750
Total Estimate	**$223,606**

Total funding available for this project $223,606.

At its October 8, 2019 meeting, City Council accepted the report of bids but did not award a contract at that time. **Council also directed staff to determine possible reasons for bids higher than the architect's estimate and come back to Council on October 22 with possible funding options.**

CONTRACTOR FEEDBACK:

ISG has had conversations with the two firms who bid to understand why the bids were so much higher than the estimate. The results of those conversations are detailed in Attachment A and the potential reasons for bids higher than the Architect's estimate are summarized below:

Bid amounts higher than Architect's estimate:	
Flood Doors	$40,000
HVAC and Plumbing	$18,600
Electrical Work	$ 2,230
Total	**$60,830**

Other items that may have affected higher bid amounts:

Tuckpointing of Masonry – One bidder assumed 100% of the masonry was to be tuckpointed which is not the case.

Construction Schedule – Bid amounts may have included higher amounts to account for winter conditions.

Interior Finish – Bidders may have built in a degree of safety in their numbers to account for unknowns.

ISG discussed the option of value engineering with the low bidder and Henkel expressed interest in this idea. **Based on the current bidding climate, ISG indicates rebidding may not garner a lower bid and carries some risk if the current low bidder were to not rebid on the project. The architect also believes that based on the aforementioned items, Henkel's bid appears to be reasonable. The**

recommendation from ISG is to award the contract to Henkel and then discuss cost-saving measures and do a change order to reflect any savings.

FUNDING:

If the Council chooses to award the contract to Henkel, there is a shortfall of $95,212. Savings have been identified from two completed projects which are listed below:

Brookside Park Path Lighting	$ 6,525
Maintenance Building Electrical Update	$ 6,882
Total Savings	**$13,407**

The use of these savings results in $81,805 still being needed to complete the project, however, this amount may be reduced after value engineering is done with Henkel.

Using funds from the Park Development Fund is an option. **Please note that these funds have traditionally been earmarked for the purchase of park land and/or new park features, not to maintain or renovate existing structures. However, there is no legal impediment to uses these funds for this restoration project.** Utilizing Park Development Funds for the Brookside Park Restroom Renovation Project would be a deviation from past practice. The 2019/20 available balance in the Park Development Fund is $715,068.

ALTERNATIVES:

1. City Council can:
    a. Award the Brookside Restroom Project to Henkel Construction in the amount of $295,000; and
    b. Approve the use of $6,525 savings from the completed Brookside Park Path Lighting Project, $6,882 in savings from the completed Maintenance Building Electrical Update, and up to $81,805 from the Park Development Fund as described above for the Brookside Restroom Project, and
    c. Direct staff to conduct value engineering with Henkel Construction prior to commencing with construction.

2. Reject all bids and delay the restoration of this restroom.

3. Refer back to staff.

CITY MANAGER'S RECOMMENDED ACTION:

The Parks Master Plan indicates permanent restrooms are an amenity to be located in community parks. Since Brookside Park is a community park, it is important to restore the current restroom. Renovating the current restroom facility and adding four gender neutral restrooms that meet ADA requirements is a way to provide restrooms that can be used by the wide diversity of park users.

A permanent restroom has not been available for Brookside Park users for almost 18 months. From recent feedback, it appears that this is a project residents, staff, and City Council would like to have completed, regardless of the funding shortfall. Based on the architect's opinion, rebidding does not guarantee lower bids and there is the risk that new bids may be higher. **Therefore, it is the recommendation of the City Manager that the City Council approve Alternative #1 and thereby award the Brookside Restroom Project to Henkel Construction in the amount of $295,000 by utilizing $13,407 from savings from two completed projects and $81,805 from the Park Development Fund.**

OCTOBER 15, 2019

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RE: BROOKSIDE PARK RESTROOMS – BID FEEDBACK

Dear Keith,

In response to the bids received on Sept. 25, 2019, I was asked to identify where the prices presented by the two bidders, Henkel Construction and Harold Pike Construction (HPC), varied from our last cost opinion dated July 7, 2019. To summarize:

- Construction Estimate: $199,787.84
- Henkel Bid: $295,000.00
- HPC Bid: $380,000.00

The most glaring discrepancy was the flood door assemblies which came in roughly $40,000 higher than expected. This was due to FEMA- and city-mandated flood requirements that were not originally included in the design. Since standard doors would not have been considered flood-resistant, it was decided to bid the flood doors as base bid and eliminate an alternate that would have allowed standard doors to be used. That said, when researching the flood doors, we were led to believe the price would be only slightly higher (+30-40%) than standard hollow metal doors and frames, not 800% higher.

Based on information from Henkel, additional increases were seen thus:

- HVAC + Plumbing came in at approx. $50,000, or 59% higher than our estimate of $31,400 (combined).
- Electrical work was approx. $15,000, or 17% higher than our estimate of $12,770.
- Masonry bids varied from $28,000 to $40,000, putting our estimate of $29,600 within the bid range.

Other items that may have affected prices, based on conversations with both bidders:

- Our specifications called for tuckpointing of masonry, our intention being that some incidental tuckpointing would be needed to repair a few obvious problems and clean up areas around the new door openings. Locations were not specifically called out in the construction documents, potentially leading bidders to assume 100% of the masonry was to be tuckpointed. HPC mentioned that this may have yielded an increase of $15,000 to $20,000.
- The proposed construction schedule, starting in fall of 2019 and finishing June 1, 2020, may have led some subs to include winter conditions in their bids. The aim of the proposed timeline was to allow flexibility in completion of the work, giving bidders the option to begin immediately or defer construction start until spring, assuming there would be plenty of time in either scenario to complete by June 1. We would not typically expect a project of this scale to take nine months to complete.
- Removal and recoating of the interior finish on the remaining masonry walls may have benefitted from some additional clarifications with regard to work results. Being unsure of the composition of the existing finish and substrate, we had to make some assumptions about how much of the stucco-like material could be removed with a reasonable amount of effort. The new finish coat was intended simply to provide a smooth, cleanable surface that would not hold dust and dirt. Bidders may have assumed a more perfectly flat finish surface in addition to considerable surface preparation, and therefore may have built in a degree of safety in their numbers to account for unknowns.

Going forward, options include re-bidding the project at a later date, or negotiating with the apparent low bidder (Henkel) to “value-engineer” pricing to an acceptable construction cost. Both bidders stated they had good coverage on most items,

suggesting a high level of interest and availability among subcontractors. Assuming the construction market remains strong for the next six to nine months, it is unlikely that bids will be drastically lower without significantly altering the scope of the project.

Re-bidding the project with minimal changes could potentially result in lower bids. If this approach is taken we would suggest waiting until late January or February of 2020 to get the best pricing as winter conditions would no longer be considered and bidders are generally hungrier at that time of the year. Waiting and re-bidding is not without risks. Some bidders may not return to the table, and fluctuations in the market and commodity pricing could cause bids to escalate further. Considering the spread on the two bids received on Sept. 25, you could be left with a very high bid if the current low bidder decides not to return for the re-bid.

Alternatively, taking the information gleaned from the current bidders, it seems likely that construction cost would still be at least $65,000 over the original budget of $200,000. This accounts for the flood doors and increases in HVAC, plumbing, and electrical costs, but may not capture all potential increases. Also, under the current bidding climate ISG has seen escalations in construction costs to the tune of roughly 20 to 25 percent, suggesting that Henkel's number is realistic while leaving the possibility to reduce costs to an acceptable level through value-engineering.

Understanding the desire to prevent further delays, awarding to the low bidder and negotiating cost-saving items would be our recommended approach, assuming additional funds can be found. If the City elects to engage Henkel Construction, we suggest accepting their bid as presented, then following up with a Change Order to reflect any cost-saving measures.

Sincerely,

David P. Hofmann, AIA
Architect
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