

COUNCIL ACTION FORM

SUBJECT: CITY HALL RENOVATION PROJECT

BACKGROUND:

On May 22, 2012, Council approved plans and specifications for a City Hall Renovation project and set the bid due date for June 27, 2012.

This project involves the renovation of the areas occupied by the Police Department on the first floor, including construction of a new Emergency Operations Center (EOC). It also involves the renovation of basement areas currently occupied by Public Works Engineering, the City's print shop, a portion of our Information Technology staff, a vault for police evidence, a police armory, and an office for building maintenance staff. These various components were bundled into one project that would update all of this space and allow the remainder of our Information Technology staff to move into this building.

Bidders were asked to submit a lump sum bid for the project. Three possible alternate packages were also included, as follows:

Alternate 1: Install new carpet and paint the Police Administration offices on the ground floor along the east wall.

Alternate 2: Substitute a steel door for the wood door in the new entrance along the north exterior wall.

Alternate 3: Delete a vent fan in the print shop in the basement.

An agreement also has been consummated with Iowa State University's Facilities Planning & Management Department to provide construction observation services on this project. That agreement is for a not-to-exceed amount of \$30,000.

Final cost estimates for the project are shown below. This includes input from the architectural/engineering firm, Shive-Hattery, for the construction component:

Design	\$ 115,000
Construction Management	30,000
Construction	\$ 1,003,835
Construction contingency (8%)	\$ 80,307
Equipment (separate from construction contract)	<u>\$ 110,354</u>
Total Project Cost Estimate	\$ 1,339,496

Budgeted funding for the project is as follows:

Funding Source	Total Amount	Available for Design & Construction Activities	Available for Equipment
General Fund Appropriation	\$800,000	\$800,000	
Homeland Security Grant	\$600,000	\$551,000	\$49,000
Department of Justice Grants	\$61,354		\$61,354
Total Available Funding	\$1,461,354	\$1,331,000	\$110,354

Bids for the construction phase were opened on June 27, and are as follows:

Bidder	Base Bid	Alt. 1	Alt. 2	Alt. 3
Pro Commercial	\$1,529,720	\$17,000	(\$444)	(\$2,500)
CPMI	\$1,549,500	\$15,200	(\$600)	(\$2,500)
A&P / Samuels	\$1,640,000	\$18,400	\$800	(\$1,260)
Breiholz	\$1,778,000	\$17,000	(\$700)	(\$2,500)
Bergstrom Const.	\$1,780,000	\$20,000	\$1,000	(\$2,500)

With alternates 1, 2, & 3 included, the apparent low bid totals \$1,543,776. **This is \$539,941, or 54%, over the architect's final cost opinion for the construction component, exclusive of contingency.**

After reviewing and discussing the low bid with the apparent low bidder, the project architect identified four reasons for the higher bids:

1. Summer is a poor time to bid, since the bidding climate tends to be better in the winter months.
2. A shortened construction period is required, since work under the Homeland Security Grant must be completed by May 31, 2013.
3. The mechanical component of the project is very complex, costing around 40% of the project.
4. There has been a sharp upturn in mechanical and electrical costs within the last 45 days.

As noted under #2 above, a short time frame for this project is necessary due to the Homeland Security Grant completion deadline of May 31, 2013. This completion date was initially published by the Department of Homeland Security as September 30, 2013. However, recent communication with the grantor has verified that the project for the EOC must be completed and all funds expensed is now May 31, 2013, in order to

receive full grant reimbursement. At the pre-bid meeting, this information was re-enforced to make sure that the contractors were aware of this and that they understood which deadline they needed to meet. The grant requires a 25% City match; and without it, all expenses would need to be paid from City funds.

In addition to the factors reported by the architect, the architect issued a large addendum to potential bidders several days prior to the bid due date. That short turnaround may have also had an impact on the amounts bid.

ALTERNATIVES:

1. Reject all bids, and direct staff to work with the architect to rebid the project as quickly as possible. Under this alternative, the base bid will focus around the Police renovation in order to maximize use of the Homeland Security grant. Alternate bid packages will also be specified for the basement renovation, Police Administration, and a less complex mechanical component.
2. Reject all bids and return the Homeland Security EOC grant.
3. Identify approximately \$540,000 in additional funding from some other source, and award the bid to Pro Commercial LLC in the amount of \$539,941.

MANAGER'S RECOMMENDED ACTION:

The bids that were received on this project are all substantially over the architect's final estimate and the project's available budget. Various factors may have led to that outcome, but the end result is that funding is not available to proceed with this project at this time.

The Code of Iowa precludes the City and the apparent low bidder from negotiating down the project to bring it within budget. However, staff and the architect have determined that the project can be split into a base bid package for a smaller portion of the work, with several bid alternates for other logical areas. Using this approach, the project can be rebid very quickly. This approach will require the bidders to submit a bid for each area; and will allow the City to select the areas that can be done within budget and in the requisite time frame.

The Architect is prepared to re-assemble the bid documents and drawings and has indicated that they can have new set of bid documents and drawings ready for Council approval sometime during the latter part of the week of July 9th. Bids would then be due within two weeks to help meet this project's goals and deadlines.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby rejecting all bids and directing staff to rebid the project as noted above.

In order to keep this project moving forward, the City Council will need to schedule a special meeting (telephonic if necessary) for July 12 or 13 to approve the new plans and specifications for the project and set the new bid due date. By Tuesday evening, the architect will have notified staff regarding when the revised plans and specifications will be ready for Council approval.