

**COUNCIL ACTION FORM**

**SUBJECT:** AWARD CONTRACT FOR HOMEWOOD GOLF COURSE CLUBHOUSE PROJECT

**BACKGROUND:**

This project includes the demolition of the current clubhouse and the construction of a new clubhouse at Homewood Golf Course. The existing clubhouse is a converted home moved to its current location in 1967. A rendering of the proposed new clubhouse is shown below. The new facility will include a clubhouse area (concession counter, seating for 24), a community room (seating for 80, fireplace), two universal restrooms, staff office, outdoor patio, and golf cart storage. The first floor is 3,198 square feet while the cart storage below is 1,826 square feet. The current timeline for this project is to start construction in late summer and have the clubhouse operational in April 2021.



Staff contracted with the Farnsworth Group, Waukegan, Iowa to design the new clubhouse. City Council approved plans and specifications on January 14, 2020, and bid letting followed. The bid due date was February 13, 2020 with seven bids being received.

Bid documents included a base bid and three alternates which are described below:

**Base Bid:** Includes the Ames Fire Department burning the current clubhouse with the contractor disposing of the remaining debris and the construction of the new clubhouse.

**Alternate 1:** Contractor to demolish the current clubhouse in the event the Fire Department cannot burn.

**Alternate 2:** Add a standing seam metal roof in place of steel shingles.

**Alternate 3:** Install the sidewalk from the building to 20<sup>th</sup> Street. This was done as an alternate to isolate the cost as it is being funded through a different CIP project.

A summary of the bids is shown below:

<b>Bidder</b>	<b>Base Bid</b>	<b>Alt. 1</b>	<b>Alt. 2</b>	<b>Alt. 3</b>
R. H. Grabau Construction, Inc.	\$1,349,000	\$ 8,154	\$33,282	\$25,881
HPC, L.L.C.	\$1,370,000	\$ 3,200	\$18,000	\$30,000
Keystone Construction Services	\$1,422,000	\$59,000	\$28,930	\$53,400
OLP Construction, LLC	\$1,448,900	\$32,000	\$ 7,000	\$26,000
Lang Construction Group, Inc.	\$1,461,000	\$ 8,500	\$14,900	\$23,800
Lansink Construction, Inc.	\$1,465,900	\$12,900	\$ 6,700	\$34,700
Jensen Builders LTD	\$1,490,000	\$ 2,500	\$ 3,200	\$31,800

In addition to the base bid and alternate costs, FFE (Furniture, fixtures, and equipment) and contingency need to be added to get a total project cost. Staff is recommending only adding Alternate 3 as this cost will be covered through a separate CIP project. If the Fire Department cannot burn the current clubhouse, the additional demolition costs (Alternate 1) could be taken from the project contingency. Below is an overview of the funding needed and available for this project.

**FUNDING NEEDED:**

Base Bid	\$ 1,349,000
Alternate 3 Bid	25,881
Contingency (4.4%)	60,000
FFE	61,695
A & E	50,000
<b>Total Funding Needed</b>	<b>\$ 1,546,576</b>

**FUNDING AVAILABLE:**

Remaining Construction Budget	\$ 990,850
Alternate 3 (Separate CIP Project)	25,881
A & E Budget	50,000
Clubhouse Donation	10,000
<b>Total Funding Available</b>	<b>\$ 1,076,731</b>

**Shortfall** **\$ (469,845)**

**Additionally, Parks & Recreation has \$20,000 of undesignated donations that can be used for the clubhouse project, which would still leave a shortfall of \$449,845.** To cover this shortfall, Council could choose to use Park Development funds to bring this project to fruition. The unobligated Park Development fund balance is projected to be \$570,888 as of June 30, 2020. It also appears approximately \$50,000 of Park Development Funds will not be needed for the Brookside Restroom project, which will then increase the balance to \$720,888. If Council elects to use Park Development funds for this project, the balance would decrease to \$271,043.

There is only one project in the FY 2020-2025 CIP that will utilize Park Development funds and that is Rose Prairie Park for \$200,000. Considering the history of that project, it is unlikely that the \$200,000 will be expended prior to 2025. If no other projects use these funds, and \$100,000 from Local Option Sales Tax revenues continues to be transferred to the Park Development Fund each year, there is expected to be approximately \$471,000 in the balance as of June 30, 2025 (excluding interest revenues received).

<b>PARK DEVELOPMENT FUND</b>			
			Balance (excluding interest rev.)
	Balance June 30, 2020		\$570,888
FY 2020/21	Transfer from LOST	100,000	670,888
FY 2020/21	Brookside Restroom Savings	\$50,000	720,888
FY 2020/21	Clubhouse Project	(449,845)	271,043
FY 2021/22	Transfer from LOST	100,000	371,043
FY 2022/23	Transfer from LOST	100,000	471,043
FY 2023/24	Transfer from LOST	100,000	571,043
FY 2024/25	Transfer from LOST	100,000	671,043
FY 2024/25	Rose Prairie Park	(200,000)	471,043

As stated in Attachment A, Kristofer Orth, Farnsworth Group Architect, states “The low and high bids received has a 10% spread which is not uncommon on a project of this size and scope. There was only a 1.5% difference between the low and second low bids. This illustrates the documents were viewed consistently by the contractors and the bid pricing is sound.” Mr. Orth continues, “It will be very difficult to revise and rebid the project and reduce the cost by 10.5% or more. This likely requires a reduction in the quality of materials and the scope of the project. Sacrifices to both program space and functionality will be necessary. Significant effort was provided by City staff to make the design decisions which were incorporated into the bid documents. A redesign will require additional City staff effort to make decisions about what sacrifices to incorporate into a revised set of documents. Additionally, there will be re-design fees associated with revising and re-bidding the project.”

### **ALTERNATIVES:**

1. Award a contract for the base bid and Alternate 3 for the Homewood Golf Course Clubhouse Project to R. H. Grabau Construction, Inc., Boone, Iowa in the amount of \$1,374,881 and appropriate \$449,845 from the Park Development Fund balance along with \$20,000 for the undesignated Parks and Recreation Department donations account to accomplish this project.
2. Accept the report of bids, but not award a contract at this time and provide direction to staff to change the scope of the project to reduce the overall cost.
3. Reject all bids and direct staff to rebid the project at a future date.
4. Reject all bids and do not pursue the Homewood Golf Course Clubhouse Project at this time.

### **CITY MANAGER'S RECOMMENDED ACTION:**

The new Homewood Golf Course Clubhouse will be a great addition to the park system that will not only serve golfers, but also provide a community facility that can be used year round by Ames residents. Staff has worked with the architect to design a building that is functional, attractive, and energy efficient.

**While LEED certification was explored for the building during early stages of the project planning, it was ultimately decided to design the building to be highly efficient without obtaining LEED certification. Geothermal heating and cooling, LED lighting, and a high efficiency water heater are some of the items included in the design to keep the building's carbon footprint as low as possible.**

The low bid, FFE, and contingency create a funding shortfall of \$449,845 for this project, assuming the \$20,000 in undesignated donations is used. Receiving seven bids that are within 10% of each other indicates that the bid pricing is sound and reflects the true market value for this project. Additionally, reducing the scope of the project will impact building quality, as well as affect programming and functionality.

Therefore, it is the recommendation of the City Manager that the City Council support Alternative #1, which awards a contract to R. H. Grabau Construction, Inc., Boone, Iowa in the amount of \$1,374,881 for the Homewood Golf Course Clubhouse project.



February 19, 2020

City of Ames  
Keith Abraham, Director of Parks and Recreation  
515 Clark Avenue  
Ames, Iowa 50010

Re: Homewood Golf Course Clubhouse - Bid Recommendation  
Ames, Iowa

Dear Mr. Abraham,

Bids for the Homewood Golf Course Clubhouse were received on Thursday February 13, 2018 at 2:00 p.m. We distributed paper or electronic copies of the bid documents to more than (10) perspective general contractors, and seven (7) bids were received for this project. One of the bidders was not even on the plan holders list. The bid process included placing the Notice of Public Hearing and Invitation to Bid with the appropriate construction industry plan rooms and documents were distributed by the City of Ames Purchasing Department. Farnsworth Group assisted in generating the initial list of potential bidders and provided those to Mike Adair. We feel the number of bids submitted shows a very positive interest from the construction community in this project. The bidding climate in February is ideal as contractors are starting to determine their workload for the upcoming year. Typically, the best bids are received between the beginning of January and the end of February.

The bid letting was handled by Mike Adair, City of Ames. Bids were opened utilizing construction industry protocol. There were no objections voiced at the bid letting. The Bid Tabulation was prepared and distributed by Mike Adair. The low and high bids received had a 10% spread which is not uncommon on a project of this size and scope. There was only a 1.5% difference between the low and second low bids. This illustrates the documents were viewed consistently by the contractors and the bid pricing is sound.

The 95% CD Cost Estimate illustrates a Total Estimated Construction Cost (base bid), for this work of \$1,220,239. The apparent low bidder, RH Grabau Construction submitted a bid of \$1,349,000, which is \$128,761 or 10.5% above the estimate. While the 95% CD Cost Estimate was generated based on the detailed input of our professional cost estimating consultant, Stecker Harmsen, it is still an estimate. The actual bids received reflect the current construction cost for this project in this marketplace. Contractors and subcontractors seem to be extremely busy, and construction costs seem to be on the rise due to a shortage of labor in the various trades.

Given the low bid is over the estimate, there are three options:

- 1) Add funding and Approve the low bid.
- 2) Reject the bids, revise and rebid the project.
- 3) Reject the bids and do not proceed with the project.

It will be very difficult to revise and rebid the project and reduce the cost by 10.5% or more. This likely requires a reduction in the quality of materials and the scope of the project. Sacrifices to both program space and functionality will be necessary. Significant effort was provided by city staff to make the design decisions which were incorporated into the bid documents. A redesign will require additional city staff effort to make decisions about what sacrifices to incorporate into a revised set of documents. Additionally, there will be re-design fees associated with revising and re-bidding the project.

The project has been designed as an energy efficient facility with space to be used for the golf course and by the community year-round. It will be an asset to the City of Ames for many years. Therefore, Farnsworth Group recommends awarding the project to RH Grabau Construction, Inc. from Boone, Iowa for the following:

Base Bid	\$1,349,000.00
<u>Alternate #3 – Provide 5-foot wide Sidewalk (funded from another CIP)</u>	<u>\$25,881.00</u>
Total Construction Contract of	\$1,374,881.00

We also recommend the City of Ames set aside a construction contingency of 3-5% of the cost of construction for unforeseen conditions and incidental changes.

If you have any questions, please feel free to contact us.

Sincerely,

FARNSWORTH GROUP, INC., formerly Design Alliance, Inc.



Kristofer J. Orth, AIA,  
KJO:kjo