
AGENDA ITEM SUMMARY
FLORENCE CITY COUNCIL

ITEM NO:
Meeting Date: December 18, 2017
Department: CMO

ITEM TITLE: Review Construction Bids for the City Hall Remodel and Expansion, and Consider Awarding a Contract.

DISCUSSION/ISSUE:

City Hall Remodel and Addition



Please note, the colors shown are not representative of the final colors that will be used.

Discussion Topics

1. Needs Assessment and Design
2. Construction Bidding
3. Decision Points
 - a. Revisiting the Option to Build New
 - b. Proceeding with the Remodel and Addition Options
 - c. Do Nothing or Postpone a Decision
 - d. Project Contingency & Other Non-Construction Items
4. Fiscal Impact
5. Relevance to City Council Goals
6. Alternatives
7. Recommendation
8. Attachments
9. Links of Interest

1. Needs Assessment and Design

The current City Hall facility is 50 years old and has served many purposes during its lifetime. The building has received very little modernization over the years and is in need of several maintenance updates. The existing floor plan is very inefficient and insufficient to adequately accommodate additional staffing, as presently configured.

Prior to investing significant dollars in maintenance related items, in 2015, staff worked with hsr/Waterleaf to conduct a needs assessment of City Hall. During this assessment, the consultants met with the various City departments that operate out of City Hall. Through these meetings, they looked at our current space, our operational needs, and the increase in space needs as the population grows. The consultant provided programing analysis on moving City Hall operations to a new location versus remodeling the current location.

In December 2015, the consultants presented their findings to the Management Team on the space needs of City Hall for current and future growth. It was their conclusion that the current site of City Hall has sufficient size and could meet the estimated staffing and space requirements for a population increase of double or more our current size, if remodeled and with an addition added to the west.

The consultants were then tasked with providing conceptual analysis and designs on how the current facility could be modified to meet the needs of current and future operations. There were several key issues that the design concept needed to address to increase the functionality of City Hall. Those included:

- Improved customer service with a single/multi-purpose area for customer interactions.
- Improved safety and security for staff and visitors; reduction of building access points.
- Building accessibility and ADA requirements.
- Improved workspace flow for staff with internal connectivity.
- Improved internal and external meeting spaces.
- Centralized records retention system.
- Updated City Council Chambers with modern technologies.
- Coordination in updates and replacements of items that are currently on the list as maintenance items, i.e. carpeting, siding repair, doorways, etc.

The outcome of the assessment included a remodel of the current City Hall (9,100 square feet) with a 2,400 square foot expansion to the west for a new City Council Chambers and large conference room, totaling about 11,500 square feet. An additional element of the remodel was to tie into the ReVision Florence project and to set an example for redevelopment in the area.

The needs assessment outlined the space needs to accommodate City Hall activities and staff for the next 20 years. This analysis assumed that the 20-year time period would see the City's population double in size to approximately 17,000. The staffing needs to serve that population were built into the recommendation. The alternative as presented in the needs assessment was to build a new facility in the current location or at a new location. The estimated cost to do so was \$6 to \$7 million, or \$520 to \$610 per square foot. In comparison, the cost for the new Public Works Operations Facility administration building, which is more industrial in design, is approximately \$400 per square foot.

Through the goal setting and budget process the City Council chose to proceed with the recommended expansion and remodel of the current facility. The adopted City Work Plan contains tasks to proceed with the design and construction of the project. In January 2017, the City Council awarded the bid for architectural services to HGE, Inc. out of Coos Bay. Since the negotiation of that contract, staff have been working with Joe Slack of HGE, Inc. on designing the remodel and expansion. Through this process, we have reviewed the needs assessment, as well as done further work on reviewing the site improvement needs, accessibility, electrical service and HVAC updates, coordination with Central Lincoln PUD on the electrical connections, and incorporated the ReVision Florence design elements.

On October 17, 2017, the Planning Commission approved a conditional use permit for the remodel and expansion plan. Through that process, the City received several conditions of approval that have been incorporated into the plans that were presented during the bid process. A rendering of the new design for City Hall is available at the beginning of the staff report. The architect has ordered a physical sample of the rock façade to see the color variations in person. Once we have that, the locations of the different paint colors for the siding will be finalized.

2. Construction Bidding

The project bids consist of a remodel and addition to the existing City Hall Building. Base Bid work primarily consists of an approximately 8,100 square foot remodel of the Main Floor and Lower Floor, and an approximately 2,400 square foot building addition. The additive alternate bids included:

1. Alternate No. 1- Basement Offices (South Side):
 - a. Alternative Item: Provide remodel work in a portion of area described in the Drawings and Specifications in the Basement Plan (950 square feet).
 - b. Base Bid Item: No remodel work.

2. Alternate No. 2 - Re-Roof Existing:
 - a. Alternate Item: Remove existing roofing and replace with standing seam metal roofing. Remove and replace single-ply PVC membrane at existing roof.
 - b. Base Bid Item: Tie in existing roof to addition and new elements.

3. Alternate No. 3 - East Side Site Work:
 - a. Alternative Item: Remove and replace wood retaining wall with concrete retaining wall located at east side paved area, north edge. Remove existing steeply sloping concrete walk and replace with retaining wall, stairs, and rails.
 - b. Base Bid: No work.

4. Alternate No. 4 - East Walls:
 - a. Alternative Item: Remove and replace siding on east side of building.
 - b. Base Bid: Provide trim at east wall doors and windows. Siding to remain.

On November 6, 2017, the City advertised for bids through the City website, HGE's website, and several plan centers. The City held a mandatory pre-bid meeting and walk through on November 16th, which was attended by six general contractors. The City received three bids on December 5, 2017 and the bid results are as follows:

BIDDER:	BASE BID:	Alternate Bid #1	Alternate Bid #2	Alternate Bid #3	Alternate Bid #4	TOTAL BID
Par-Tech Construction Inc. Oregon City, OR	\$2,134,000	\$79,000	\$202,800	\$18,600	\$26,500	\$2,460,900
2G Construction Eugene, OR	\$2,475,000	\$70,000	\$206,000	\$20,000	\$20,000	\$2,791,000
Wildish Building Co. Lebanon, OR	\$2,721,000	\$66,900	\$168,800	\$35,300	\$28,200	\$3,020,200

The low base bid for City Hall is \$2,134,000, which is approximately \$205 per square foot in construction costs for 10,500 square feet of space. With all alternates, the total bid equates to approximately \$215 per square foot for the total project area of approximately 11,500 square feet.

An overview of the project cost with the low bidder's base bid and alternate bids, non-construction costs, and proposed construction contingency is provided here.

In November, Joe Slack, with HGE, provided an updated estimate for the project based on his findings throughout the design and engineering process. His estimates are outlined in the following table with comparison to the low bid that was received from Par-Tech Construction.

City Hall Remodel & Addition	
Item	Cost
Base Bid	\$ 2,134,000
Non-Construction Costs	432,000
Subtotal	\$ 2,566,000
Alternate Bids	326,900
Construction Contingency	100,000
Total All Project Costs	\$ 2,992,900

City Hall Remodel & Addition: Estimate Compared to Low Bid		
Item	Estimate	Low Bid
Base Bid	\$ 1,774,000	\$ 2,134,000
Alternates		
1. Basement Offices	92,000	79,000
2. Re-roof Existing	110,800	202,800
3. East Side Site Work	40,700	18,600
4. East Walls Siding & Windows	58,000	26,500
Total Alternate Bids	301,500	326,900
Non-Construction Costs		
Architectural Services	162,000	162,000
Permits, Fees, Inspections	30,000	30,000
Asbestos Abatement (Need quotes)	60,000	60,000
Furniture, Fixtures, Equipment	105,000	105,000
AV System	75,000	75,000
Total Non-Construction Costs	432,000	432,000
Construction Contingency*	266,100	100,000
Total All Project Costs	\$ 2,773,600	\$ 2,992,900

* Contingencies for the estimate were calculated at 10% of the Base Bid and each of the Alternates. The estimate also included \$50,000 for Central Lincoln PUD to remove the guy wire pole.

Mr. Slack is performing reference checks on Par-Tech Construction and will provide a memorandum of his findings. Attachment 1 provides company history, a project list, and key personnel for Par-Tech Construction. Mr. Slack also requested additional information from Par-Tech Construction regarding areas where we could potentially realize cost savings based on value engineering. Value engineering is when the contractor provides their expertise on how to improve cost efficiency based on their experience. Staff will provide the results of that analysis at the City Council meeting.

3. Decision Points

As we discussed at the November City Council Work Session, the work recommended for the mechanical systems, electrical system, and sitework is beyond those evaluated and or identified in the needs assessment report. Due to the discoveries during the engineering analysis, the previously approved project budget of approximately \$1.96 was determined to be insufficient, if the identified system deficiencies were to be included with the remodel.

An updated estimate of \$2.7 million was received. After presentation to and discussion with the City Council, staff solicited bids with several alternatives to address various issues. The low bid received is approximately 5% higher than the engineers estimate (not including the contingency to be discussed later). In speaking with the architect and other organizations currently working on similar projects, this appears to be due to material cost increases and increased construction demand. With this in mind, there are several decision points for the Council to consider.

The first decision point is whether the City Council would like to proceed with the remodel and addition at this time.

3a. Revisiting the Option to Build New

The City has performed a needs analysis for the next 20 years. We can utilize this needs analysis to develop an alternative plan for new construction. If the City Council opted to not remodel and rather look at new construction, the construction cost estimate was approximately \$6 million to \$7 million, not including land costs. New construction could occur at the current location or an alternative location, either currently owned or purchased.

The City is not able to accommodate the cost of new construction with current resources, without significant impact to existing general fund operations. If new construction is the direction the City Council would like staff to proceed in, we could develop an analysis and plan for City Council review to place the project on a future ballot for a bond measure.

The City currently has a voter approved bond measure for the Water Treatment Plant that will expire in fiscal year 2021, which supports \$184,000 in annual debt service. The City could time a new ballot measure to add the new bond at the expiration of the existing bond, limiting the increase to the current tax rate, and extending the maturity to approximately 2041. The estimated annual debt service could range from \$360,000 - \$432,000 per year (\$5 - \$6 million).

Design of a new City Hall could utilize some of the work flow and space needs work that has been done to date, but would require additional architectural services for a new design. If the City were to construct a new facility on the current site, we would still incur asbestos abatement

costs, as well as demolition costs. If the City Council opted to look for a new site, a review of City owned property and sites currently for sale near other City facilities would be compiled.

If an alternate site was chosen, the current City Hall site would need to be sold, which may take some time in the current market. After performing a highest and best use analysis of the commercial corridor, a commercial real estate broker provided insight that the best use of the property is for government offices or a large real estate firm.

The following summarizes the discussion points to consider in proceeding with either the remodel and addition or new construction.

Discussion Points	Remodel & Addition	New Construction
Total Project Cost	\$2,992,900	\$6,000,000+
Annual Debt Service	\$216,000	\$432,000+
Accomplished with Current Resources?	Yes	No, Bond Measure Needed
Meets the 20-Year Service and Space Needs?	Yes	Yes
Duration of Interruption	Less than 1 Year	Varies, 1 Year to 18 Months

3b. Do Nothing or Postpone a Decision

If the project is deferred, there will be additional cost and service implications to the City. We have filled all approved positions and are out of office space for them. We will need to make modifications to existing workspaces or have some staff utilize office space in the Justice Center. Either alternative will come with increased cost and reduced efficiency. We have not analyzed these costs; however, we are presently experiencing some inefficiencies from having our IT Manager located at the Justice Center and back office functions performed in an open office setting, with considerable interruptions.

With the current inefficiencies, we could anticipate needing an additional employee to maintain the level of service currently being provided. The remodeled space as proposed would realize improved efficiency and enhance current service levels, without additional staffing.

In addition, there are several maintenance items that have been deferred on the current building in anticipation of a remodel. If the decision is made to not remodel or build new, we project the need to invest more than \$500,000 in repairs and maintenance items during the next few years.

3c. Proceeding with the Remodel and Addition Option

If the City Council decides to proceed with the current remodel and addition plans, options for consideration are whether or not to award a contract based on the current construction base bid and any alternates, or to reject the bids, alter the plans, and request new bids. The current bids are good for 30 days, expiring end of day January 3, 2018.

The base bid includes the remodel of the main floor, the addition of the Council Chambers, updates to the façade, electrical and mechanical system upgrades, and sitework on the west side of the building. If the City Council chooses to proceed with the project with the current bids, the low base bid is from Par-Tech Construction for \$2,134,000. If we proceed with the base bid, the total project cost (including non-construction and contingency) would be \$2,666,000. Alternates bids total \$326,900, increasing the total project to \$2,992,900.

A financial analysis has been performed with a project total of up to \$2,992,900. The analysis indicates that debt service will be increased approximately \$72,000 per year in the general fund. Management believes a combination of new revenues such as marijuana taxes, improved stability and increases in property taxes, and if necessary, spending adjustments to existing plans can be accomplished without reducing current service levels.

Proceeding with the alternate options is a decision point for the City Council. Alternate bids have been submitted for four items as listed previously. The Council can elect to do any number of these, all of these, or none. The low bidder on the base bid, Par-Tech, is the contractor that would also perform the alternates, if selected. The following is the bid for each alternate:

BIDDER:	BASE BID:	Alt. Bid #1: Basement	Alt. Bid #2: Re-Roof	Alt. Bid #3 E. Site Work	Alt. Bid #4: E. Walls	TOTAL BID
Par-Tech Construction	\$2,134,000	\$79,000	\$202,800	\$18,600	\$26,500	\$2,460,900

3d. Project Contingency & Other Non-Construction Items

The architect is recommending a \$100,000 contingency for this project. This is due to the majority of the project being a remodel. The engineers have provided their expertise on what will be needed to remodel the space, but there may be some unanticipated items once construction actually begins and the walls are opened up.

The contingency amount is not recommended to be included in the construction contract. Rather management’s recommendation is for the City Council to authorize this contingency for the City Manager to process and approve change orders, if needed, during construction of up to \$100,000. If this option is not authorized, change orders would be processed under the City’s financial policy for items greater than \$30,000, which require approval by the City Council.

In addition, items such as the asbestos abatement, furnishings, and AV equipment that are shown in the project total will be presented to the City Council for approval at a later date should the items exceed the City Manager’s purchasing authority of \$30,000. This would be similar to the process used for the Public Works Operations Facility project.

FISCAL IMPACT:

The total amount budgeted (excluding debt service) for the City Hall remodel/expansion project was \$1,960,000 (Fiscal Year 2016-17 estimated expenditures \$42,200 and 2017-19 biennial budget \$1,917,800). Through the fiscal year 2016-17 year, \$24,000 was spent on the project. The updated total cost for all elements of the project is \$2,992,900. To adequately budget for all items (assuming they are approved), net of expenditures in the prior fiscal year is \$2,968,900. This requires an adjustment of \$1,051,100 (\$2,968,900 less \$1,917,800).

Based on the City Council decision, Finance Director Andy Parks will be presenting a budget adjustment in the following agenda item. The initial analysis provided in the feasibility study estimated the project to be approximately \$2,000,000. After further engineering and architecture work, as well as the construction bids, the project total with all elements is \$2,992,900. If all elements are approved, the 20-year debt issue will result in an annual debt service payment of approximately \$216,000, rather than the initial feasibility estimate of \$144,000 annually. Analysis of the City's Long-Range Financial Plan shows this is financially feasible for the City using existing resources and not requiring additional taxes or fees.

RELEVANCE TO ADOPTED COUNCIL GOALS:

- City Service Delivery
- Livability & Quality of Life
- Financial & Organizational Sustainability

ALTERNATIVES:

1. Award a contract for the base bid only to Par-Tech Construction.
2. Award a contract for the base bid and any combination of alternate items to Par-Tech Construction.
3. Postpone the decision on awarding a contract for the current design to a date certain, but prior to January 3, 2018.
4. Reject the bids and re-scope the remodel and addition project.
5. Reject the bids and direct staff to provide further information on new construction.

RECOMMENDATION:

Staff recommends the City Council accept the proposal from Par-Tech Construction for the base bid of \$2,134,000 and the alternate bids totaling \$326,900. This would result in a total contract amount of \$2,460,900 with Par-Tech Construction.

Staff also recommends authorizing a contingency budget of a not to exceed amount of \$100,000 to address change orders that may occur due to the unknowns of the remodel construction.

AIS PREPARED BY: Megan Messmer, City Project Manager

CITY MANAGER'S RECOMMENDATION: Approve Disapprove Other
Comments:

ITEMS ATTACHED: Attachment 1 – Par-Tech Information

LINKS OF INTEREST: City of Florence Work Plan
[May 9, 2016 Budget Committee – Capital Investments](#)
[December 5, 2016 City Council – Architectural Services Agreement](#)
[January 23, 2017 City Council – Architectural Services Agreement](#)
[August 28, 2017 City Council – Capital Projects Update](#)
[October 17, 2017 Planning Commission – City Hall Conditional Use](#)
[November 1, 2017 City Council – City Hall Remodel & Expansion](#)
