



## REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: <u>July 8, 2024</u>
Requested By: <u>Councilpersons McCaulley, McLarrin, and Martin</u>
Department: <u>City Council</u>
<input checked="" type="radio"/> Report <input type="radio"/> Resolution <input type="radio"/> Ordinance

Appropriation	
Source of Funds:	<u>Fund -053</u>
Account Number:	<u>0537070-530</u>
Amount Budgeted:	<u>\$25,236,400</u>
Amount Requested:	<u>\$25,000</u>
Budgeted Item:	<input checked="" type="radio"/> Yes <input type="radio"/> No

**Exhibits:** Bellows Construction Proposal; Draft CMAR Agreement, Joiner La Porte City Hall Design Study

---

### SUMMARY & RECOMMENDATION

Presentation, discussion, and possible action to award construction contract to Bellows Construction for Construction Manager at Risk Services for City of La Porte City Hall Project and authorize the City Manager to execute such contract, including an award for a \$25,000.00 preconstruction services fee to be used during the design phase, and a future cost of \$1,592,039.00 for general conditions and a profit and overhead rate of 4.25% to both be included in the guaranteed maximum price (GMP), or move forward a Request for Quote (RFQ) on design services for renovations of existing City Hall based on the La Porte City Design Study by Joiner Architects, or provide administrative staff with other direction on the City Hall project.

---

Summary of possible options:

Option 1:

Move forward by approving CMAR agreement with Bellows Construction.

Option 2:

Move forward with further investigation into the remodeling of the existing City Hall building with no changes to the footprint of the building. This option was briefly discussed with the City Council at the June 10th meeting. At that meeting, some considerations were discussed concerning the logistics associated with rehabbing the current City Hall. One consideration was housing to staff while the building was under construction. A cost-saving measure that could be considered is to stage the renovation work to allow all primary public contacts to remain in the building. Additionally, we could allow certain employees to work from home temporarily. This would eliminate the cost of temporary housing.

Should we need to lease modular buildings to provide temporary housing, modular buildings would be an option. Leasing a modular building would likely run \$1.50 to \$1.75 per square foot of space lease. Leasing 20,000 square feet for 1 year to cost approximately \$420,000.

Additionally, the cost estimate discussed on June 10<sup>th</sup> included an expanded footprint. Should we choose to maintain the current footprint, the cost estimate should be reduced by \$2.7 million.

#### Option 3:

Reduce the scope of any work to only those known deficiencies in the current building. These deficiencies would include the roof, the HVAC system, and environmental issues.

#### Project History”

In July of 2023, Brown Reynolds Watford (BRW) Architects was awarded the City Hall project's design, bid, and construction phase services contract. The project delivery method selected for the project is Construction Manager at Risk. The foremost reason for a CMAR delivery method involves fluctuations in the supply chain and market values. Several factors in the last several years have increased instability in the construction market, though significant disturbances have somewhat waned from their peak in 21-22. The most notable issue still common is long lead items, which are responsible for causing construction delays, as projects are stalled while awaiting the needed material. The uncertainty with the supply chain has led to fluctuations in material cost. Suppliers are currently holding their prices for shorter and shorter durations, some as little as a few days. Material costs can fluctuate month over month, driving contractors to increase bids to insulate themselves from instability.

In the CMAR model, the contractor is brought into the project team during the design phase, which provides the opportunity to alleviate some of these challenges. The City could select early work packages for the CMAR during the design phase, allowing for early procurement of the longer lead items and for the project to stay on schedule. A CMAR task during the design phase is to conduct several constructability reviews at different milestones. The CMAR is the most qualified of the project team to determine what materials would be available/cost-stable during construction. By deciding on these materials in the construction documents, the City would be better positioned to assist in tailoring the CMAR's Guaranteed Maximum Price (GMP). Thus, it avoids costly change orders that can occur with design/bid/build, lowers the CMAR's GMP, allows more control over schedule, and protects the City from supply chain and inflation concerns.

On Thursday, March 21, 2024, the City received responses to the Request for Proposals (RFP No. 24502) for Construction Manager at Risk for the City Hall project's preconstruction services and construction services. As noted, the CMAR delivery method incorporates the construction contractor into the mid and final stages of the design process (preconstruction services) to draw upon the knowledge, experience, cost estimating, and design guidance of a seasoned construction manager to assist in producing the most cost-effective design, construction methodology, and accelerated schedule for the project.

The RFP was advertised in the local paper on February 22 and February 29, 2024. The RFP requested qualifications and cost proposals from construction firms with a history and successful track record in performing construction management at risk. In addition to qualifications, the RFP requested that responders provide a cost proposal for preconstruction services, their proposed general conditions for the construction of the project, and a contractor fee for construction, expressed as a percentage of the construction cost.

The City received five (5) responses to the RFP. The scoring committee included staff from the City Manager's Office, the City Secretary's Office, Public Works, and the consulting architectural firm. The submittal included a list of the CMAR's experience and qualifications, estimating and cost control measures, project planning and scheduling, quality control, and commissioning program, general understanding of the CMAR agreement, job site safety and warranty period, preconstruction phase services and project execution plan, construction phase services and project execution plan, and proposed fees. After qualifications were evaluated and scored, a review and scoring of fees and rate proposals were incorporated into the final scoring. Three firms were shortlisted based on the initial qualification evaluation scores. The shortlisted firms received a score worth 15 points from the interview/presentation process held on April 17, 2024.

**Initial scores are based on the following criteria and point values:**

Criterion Description	Point Value	BELLOWS CONSTRUCTION	CA WALKER CONSTRUCTION	FLINTCO	POGUE CONSTRUCTION	TEAL CONSTRUCTION
1. Experience and Qualifications	30	26.6	15.3	26.3	23.9	21.6
2. Proposed Fees and Construction Time *	20	12.4	12.2	12	20	16
3. Estimating and Cost Control Measures	15	13.9	7.2	14.2	12.4	13
4. Project Planning and Scheduling	10	8.6	4.4	9.2	8.4	7
5. Quality Control and Commissioning Program	5	5	3.3	4.7	4.1	5
6. General Understanding of the City's CMAR Agreement	5	4.2	1.2	4.4	4.8	4.4
7. Job Site Safety and Warranty	5	4.8	2.5	4.8	4.3	4.3
8. Pre-Construction Phase Services and Project Execution Plan	5	4.7	1.6	4.7	4.2	4.4
9. Construction Phase Services and Project Execution Plan	5	4.9	1.6	4.7	4.2	4.6
<b>Final Scores</b>		<b>85.1</b>	<b>49.3</b>	<b>85</b>	<b>86.3</b>	<b>80.3</b>

**Proposed fee breakdown:**

	Bellows Construction	CA Walker Construction	Flintco	Pogue Construction	Teal Construction
1. Pre-Construction Fee	\$25,000.00	\$15,000.00	\$60,000.00	\$20,000.00	\$30,000.00
2. General Conditions Fee	\$1,592,039.00	\$1,269,650.00	\$1,721,684.00	\$1,106,353.00	\$1,462,444.00
3. Construction Manager- At- Risk Fee	4.25%/\$935,000	6%/\$1,320,000	4.25%/\$935,000	2.1%/\$462,000	2.45%/\$539,000
	\$2,552,039	\$2,604,650	\$2,716,684	\$1,588,353	\$2,031,444
<b>Total Points</b>	<b>12.4</b>	<b>12.2</b>	<b>12</b>	<b>20</b>	<b>16</b>

Estimated Construction Cost

\$22,000,000

Cost of service was calculated by dividing the lowest price received by the price under consideration and multiplying the result by 20

**Interview scores:**

Criterion Description	Point Value	BELLOWS CONSTRUCTION	POGUE CONSTRUCTION	FLINTCO
Interview/Presentation	15	13.8	9.6	10.6

Based on the responses received and the above ranking criteria, the project team ranked Bellows Construction as providing the Best Value to the City based on the demonstrated experience of the firm, proposed personnel, demonstrated quality control in prior projects, safety record, and proposed fees taken as a percentage of the total cost of the project. Bellows Construction is a local firm with a 110-year pedigree in construction. Bellows Construction has successfully built 75+ ground up office buildings for clients in the oil and gas, energy, nonprofit, and education sectors. The project team has a proven track record of collaborating on ground-up administration-building projects, has a breadth of expertise to deliver a multi-faceted facility, and is capable of working with the City and the design team. The firm also demonstrated a strong safety record, warranty process, and acceptable fees, as noted below.

- **Preconstruction services** include estimating, design consultation, material, and methodology guidance.
  - \$25,000.00
- **General Conditions:** This is a fixed fee for project supervision, insurance, bonds, on-site superintendent personnel, tools and equipment, and construction office facilities.
  - \$1,592,039.00 (based on 18-month construction duration)
- **Profit and Overhead** rates are calculated based on the final GMP for the construction cost, not including general conditions.
  - 4.25%

Under these terms, the CMAR will return unused portions of the GMP upon completion of the work. Because all subcontract and material supply will be bid out and costs are "open book" to the City, actual costs will be known to the project team, the CMAR's pricing is completely transparent. Bellows has a history of completing projects at or below the stated GMP and returning unused funds to the owner.

At 90% completion of the plans, the CMAR will provide the City with a Guaranteed Maximum Price (GMP) for the project to include the entire scope of work for a finished and accepted City Hall, general conditions, percent profit and overhead are included in the GMP's final construction cost. That GMP is negotiable based on budget, scope, and schedule, and should Staff and the CMAR fail to reach an agreement on the GMP, negotiations can be terminated, and the project can be publicly bid on a Lowest Responsible Bidder basis. Staff will return to Council (estimated September 2024) with the GMP proposal and, if acceptable and within budget, will recommend that Council award the contract for construction.

Thursday, April 25, 2024, we were first made aware of the environmental issues. A suite was closed off and three (3) employees were temporarily relocated.

Friday, May 3, 2024, remediation of the affected area began, and the issue was found to be worse than anticipated.

---

Tuesday, May 7, 2024, more in-depth testing of City Hall was done. Visual inspection showed mold growth. Surface testing was positive for high levels of Penicillium/Aspergillus spores. Air samples did not show any abnormal levels. Moisture readings showed to be extremely high on the East wall of the building in the City Managers suite. Due to the lack of airborne spores, the testing conducted indicated the environment is safe for employees and citizens.

Monday, May 13, 2024, City Council provided staff direction to pause all work on the new City Hall project, to look at options for renovating and repairing the current City Hall and bring the full report back to City Council on July 8, 2024.

Tuesday, May 14, 2024, I communicated to BRW to halt all work on the City Hall project, and we would be in contact with them when we had more information.

Friday, May 17, 2024, Joiner Architects conducted a cursory inspection of the current City Hall.

Monday, May 20, 2024, Joiner Architects provided a proposal for a schematic concept for current City Hall renovations. Project description is as follows: completely renovate the existing 28,390 square foot City Hall located at 604 W. Fairmont Parkway and add approximately 6,000 square feet of administrative space. Deliverables include a site plan, floor plan, exterior rendering, opinion of probable cost, and design narrative. The fee for this service is \$15,000, plus any other expenses incurred at an hourly rate. The City Manager executed this agreement, so analysis and conceptual work could begin immediately. Joiner has provided a preliminary cost estimate based on the Project Description and current market conditions to be approximately \$15,500,00 - \$17,200,000 for construction only. Any cost estimates are very preliminary and have not been vetted by staff and we currently do not have the detailed cost estimate. Joiner anticipates delivery of a preliminary report on June 28, 2024, to be included in the July 8, 2024, City Council packet. Joiner will provide the final report to be available at the July 8, 2024, City Council meeting.

Friday May 31, 2024, staff reached out to additional architects to provide proposals for schematic concepts on the current City Hall renovations.

Tuesday, June 4, 2024, PGAL Architecture, Engineering, Interiors and Planning provided a proposal for schematic design of the renovation of the current City Hall. PGAL's schematic study deliverable will include a site plan, floor plan, exterior rendering, probable cost analysis and design narrative. This deliverable will be prepared based on the City of La Porte City Hall needs assessment provided by City of La Porte to PGAL. The renovation project cost estimate requested will include construction cost and soft costs including mechanical, electrical, plumbing, lighting, audio visual, information technology, security, structural and civil. Their schematic design fee is \$25,000.00 and they anticipate starting on June 10, 2024, and providing a report to staff in five weeks. The City Manager executed this agreement in order to obtain a second opinion of probable cost and scale.

On June 10, 2024, City Council was updated and gave direction to get additional architects to provide opinion of probable cost for renovating existing City Hall and bring them back to City Council as soon as possible.

On June 12, 2024, the Purchasing Department made us aware that we could not legally solicit other firms for professional services for the existing City Hall renovations while we were under agreement with Joiner Architects and their scope of work was completed. PGAL was immediately contacted and advised not to begin work on this project. Once this is complete, we can advertise a Request for Quote (RFQ) for other professional services, but we will have to make the vendors aware that we might award more than one quote.

---

On June 24, 2025, the City Manager updated City Council on our progress on the City Hall Project.

On June 25, 2025, staff met with Joiner Architects and received their La Porte city Hall Design Study. **The revised construction only estimate is \$15,025,000, compared to the initial estimated range of \$15,500,000 to \$17,200,000. The initial estimate included adding square footage to the current building. Eliminating this additional square footage would reduce the estimated construction only cost by \$2,700,000 for revised construction only cost of \$12,325,500.** The study is attached to this item and provides a conceptual site plan, conceptual floor plan, and conceptual exterior rendering. The report also provided the anticipated total project cost below:

Construction (33,390 SF x \$450)	\$15,025,500
Architectural & Engineering Design Fees	\$1,140,000
Traffic Impact Analysis (If Required)	\$8,000
Geotechnical Study	\$25,000
Site Surveying	\$20,000
Windstorm Certification	\$10,000
Construction Material Testing	\$50,000
Accessibility Review & Inspection	\$3,000
Fixtures, Furniture & Equipment	\$900,000
HVAC System Testing & Balancing	\$25,000
Building System Commissioning	\$18,000
Temporary Office Building Allowance	\$800,000
Owner's Contingency Allowance	\$750,000
<u>Design Contingency/Material Escalation</u>	<u>\$1,200,000</u>
<b>TOTAL ANTICIPATED PROJECT COST</b>	<b>\$19,974,000</b>

Staff inquired if this project could be completed in phases to accommodate staff occupying a portion of the building during renovation as opposed to relocating. Joiner advised that it could be done, but it would be more difficult and add unspecified cost and delays to the project. Staff inquired about keeping the same footprint of the current City Hall and with no additional square footage. Joiner advised that this option saves approximately \$2,700,000.00, making the anticipated total project cost of \$17,274,000.00. They advised they would work on a floor plan for this option but would not be able to provide it by July 8, 2024. Staff then inquired about the anticipated cost of just replacing the roof, the HVAC system, the facades on the East, South, and West sides of the building, and any unanticipated cost. Joiner advised that they would work on this option to be available by July 8, 2024.

Staff request that the City Council provide directions on the City Hall project.

Infrastructure and Utilities: *The City of La Porte will have and maintain a strong infrastructure and up to date facilities to continue to provide superior services for our citizens.*

---

**ACTION REQUIRED BY CITY COUNCIL**

**Presentation, discussion, and possible action to award construction contract to Bellows Construction for Construction Manager at Risk Services for City of La Porte City Hall Project and authorize the City Manager to execute such contract, including an award for a \$25,000.00 preconstruction services fee to be used during the design phase, and a future cost of \$1,592,039.00 for general conditions and a profit and overhead rate of 4.25% to both be included in the guaranteed maximum price (GMP), or move forward with a Request for Quote (RFQ) on design services for renovations of existing City Hall, or provide administrative staff with other direction on the City Hall project.**

---

Approved for the City Council meeting agenda

\_\_\_\_\_  
Corby D. Alexander, City Manager