

**COUNCIL ACTION FORM**

**SUBJECT:** DOWNTOWN PLAZA PROJECT AWARD OF CONTRACT

**BACKGROUND:**

At its April 26, 2022 meeting, City Council accepted the report of bids for the Downtown Plaza Project and directed staff to bring back recommendations to reduce the cost of the project and to identify options for potential funding of the shortfall. The bids for the Downtown Plaza Project were as follows:

	Henkel Construction Company Mason City, IA	Graphite Construction Group, Inc Des Moines, IA	HPC, LLC Ames, IA	GTG Construction LLC Johnston, IA	Woodruff Construction, Inc. Ames, IA
<b>BASE BID</b>	\$4,619,000	\$4,624,000	\$4,800,000	\$4,865,000	\$4,956,700
<b>ADD ALT #1:</b> Swinging Benches	5,000	45,000	65,000	57,000	23,200
<b>ADD ALT #2:</b> Perim. Color Concrete	14,000	13,000	10,000	17,000	18,000
<b>ADD ALT #3:</b> Light Columns	39,000	40,000	42,000	38,000	40,300
<b>ADD ALT #4:</b> Seating Nook	74,000	112,000	112,000	104,000	97,700
<b>DEDUCT ALT #5:</b> Remove Ice Island	No Change	(204,000)	(170,000)	(195,000)	(190,000)
<b>ADD ALT #6:</b> CO2 Ice System	360,000	No Bid	400,000	No Bid	177,200
<b>TOTAL (BASE BID + ALL ADD ALTERNATES)</b>	<b>\$5,111,000</b>	<b>\$4,834,000</b>	<b>\$5,429,000</b>	<b>\$5,081,000</b>	<b>\$5,313,100</b>
<b>TOTAL (BASE BID + ALL ALTERNATES)</b>	<b>\$5,111,000</b>	<b>\$4,630,000</b>	<b>\$5,259,000</b>	<b>\$4,886,000</b>	<b>\$5,123,100</b>
<b>TOTAL (BASE BID + ADD ALT. #2 ONLY)*</b>	<b>\$4,633,000</b>	<b>\$4,637,000</b>	<b>\$4,810,000</b>	<b>\$4,882,000</b>	<b>\$4,974,700</b>

The Engineer's Estimate was \$3,938,591 total for the Base Bid components and

allowances for artwork and FFE. Excluding the artwork and FFE, the Base Bid estimate alone becomes \$3,654,591.

The total project cost with the low base bid is shown below.

<b>Total Project Estimate:</b>	<b>Amount</b>
Downtown Plaza Project Base Bid	\$4,619,000
Conceptual Design (For Reinvestment District Application)	\$ 20,000
Engineering & Design	\$ 377,250
Geotechnical/Survey	\$ 11,500
Estimated Permits/Fees	\$ 10,850
FF&E Allowance	\$ 134,000
Signature Art Piece	\$ 150,000
Contingency	\$ 192,000
<b>Total Project Estimate</b>	<b>\$5,514,600</b>

Total available funding for the entire project is **\$4,555,121**. The project activities and associated funding sources for each Fiscal Year are shown below:

Fiscal Year	Project Activity	Cost	Funding Sources
2020/21	Conceptual Design	\$ 20,000	Hotel Motel Tax (\$20,000)
2021/22	Design/ Construction	\$2,184,624	G.O. Bonds (\$700,000) General Fund (\$1,484,624)
2022/23	Construction	\$2,350,497	G.O. Bonds (\$700,000) Local Option Sales Tax (\$200,000) Council Priorities Fund-FY 2020/21 (\$1,000,000) American Rescue Plan (\$450,497)
	<b>Total</b>	<b>\$4,555,121</b>	<b>\$4,555,121</b>

**Incorporating the low base bid into the project budget results in an overall project funding shortfall of \$959,479.**

Staff met with Henkel Construction to provide value engineering ideas and presented these ideas to Council at its May 10, 2022 meeting. Ideas included staff recommended changes, changes not recommended by staff, as well as ideas that needed further research. The City Council approved the staff recommended changes, including Add Alternate #2, and adding conduit so decorative light columns could be added in the future. Council then directed staff to bring the award of contract for the Downtown Plaza Project, a change order for items selected by City Council, and the contract and bond to the May 24 Council meeting.

**CITY COUNCIL APPROVED MODIFICATIONS:**

Provided below is the list of changes that the City Council approved pursuing at the May 10<sup>th</sup> meeting:

<b>#</b>	<b>ITEM</b>	<b>Cost Change</b>
1	Eliminate Moonstones	\$ (50,600)
2	Eliminate Cast Stone Wall Cap	\$ (37,000)
3	Eliminate Paver Chessboard	\$ (3,000)
4	Eliminate Art Wall	\$ (32,400)
5	Convert Custom Pavers to Stock Brand/Color	\$ (14,400)
6	Extend Metal Roof in Lieu of Separate Canopy	\$ (22,500)
7	Add Conduit for Future Light Column Installation/move transformer	\$ 0
<b>Subtotal of Construction Contract Cost Reductions</b>		<b>\$ (159,900)</b>
8	ADD ALTERNATE 2: Colored Concrete Band	\$ 14,000
<b>Total Construction Contract Cost Change</b>		<b>\$ (145,900)</b>

Outside of the construction contract, City Council approved additional changes which are shown below:

<b>#</b>	<b>ITEM</b>	<b>Cost Change</b>
8	Eliminate the Signature Art Piece	\$ (150,000)
9	Add Benches to Replace Moonstone Seating	\$ 5,000
10	Add Plantings to Replace Art Wall	\$ 5,000
11	Add Increase to FFE Allowance, Per Estimates	\$ 66,000
<b>Total Non-Construction Contract Cost Change</b>		<b>\$ (74,000)</b>

In total, the staff recommended changes result in a reduction in the overall project expenses by \$219,900. The project funding shortfall would therefore be \$739,579. Staff is recommending that if Council wishes to cover this shortfall, funding from the Council Priorities Fund could be used. This fund contains \$1,200,000 in FY 2021/22 to cover the \$739,579 shortfall.

**ALTERNATIVES:**

1. a) Approve final plans and specifications and award a contract for the Downtown Plaza Project to Henkel Construction Company, of Mason City, Iowa, for the base bid (\$4,619,000) and Add Alternate #2 (\$14,000) for a total of \$4,633,000.  
  
b) Approve the contract and bond for the Ames Downtown Plaza  
  
c) Approve Change Order #1 to Henkel Construction Company reflecting \$159,900 in contract deductions based on the approved items.  
  
d) Authorize the use of \$739,579 of the Council Priorities Fund to cover the shortfall of the project.
2. Choose some other combination of Alternates and award the contract to one of the other bidders.
3. Reject all bids and direct staff to rebid the project at a later date with new plans and specifications that eliminate the ice feature.
4. Reject all bids and do not move forward with the project.

**CITY MANAGER'S RECOMMENDED ACTION:**

Developing a Downtown Plaza has been a high priority for the City Council, and once constructed it will enhance the opportunities in the downtown area for residents and visitors. While the bids were substantially over the estimate, there were five bids within a relatively close range.

It appears that to move ahead with this project within the current approved level of funding, the project will need to be redesigned and rebid without the ice component, which would no longer meet the Council's vision for the space. Also, a rebid would delay the project to opening in late 2023 or early 2024.

**Assuming that City Council members still desires to move forward this year to accomplish their vision for this project, it is the recommendation of the City Manager that City Council approve Alternative #1 a-d, as described above.**